

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
BOROUGH OF FREEHOLD**

**51 West Main Street
Freehold, New Jersey 07728**

FOR THE YEAR ENDED DECEMBER 31, 2011

Presented by

**Richard J. Gartz, CPA, RMA
Chief Financial Officer
Borough of Freehold**



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INTRODUCTORY SECTION





BOROUGH OF FREEHOLD

51 West Main Street ~ Freehold, New Jersey 07728-2195

www.freeholdboro.org

J. NOLAN HIGGINS
Mayor

TRACI L. DiBENEDETTO
Borough Clerk

JOSEPH B. BELLINA
Business Administrator

RICHARD J. GARTZ
Chief Financial Officer

May 10, 2012

TO: The Honorable Mayor and Members of the Borough Council

RE: Comprehensive Annual Financial Report for the Year Ended
December 31, 2011

The Comprehensive Annual Financial Report for the Borough of Freehold, County of Monmouth, State of New Jersey, is hereby submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Borough of Freehold as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter and a list of principal officials. The Financial Section includes the annual financial statements and individual fund financial schedules as well as the Independent Auditors' Report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Suplee, Clooney & Company, whose opinion is expressed in the Financial Section. Please note that the Independent Auditors' Report is unqualified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, except for the LOSAP Fund financial statements which have not been audited.

The Single Audit Act of 1984, including all amendments thereto, U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations" and the New Jersey Office of Management and Budget Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" provide the requirements for undergoing an annual single audit. The Borough did not meet the criteria for a single audit for the year ended December 31, 2011.

2011 saw the Bowne and Hull Avenue's roadway overlays completed along with Throckmorton Street crosswalks and sidewalk improvements.

The Neighborhood Pride Committee continued to sponsor the "Freehold Borough Community Garden". This program allows participants to plant their own garden in a plot of about 100 square feet. Plots are assigned on a first come, first served basis and are clearly marked out for each participant. Water is available as well as on-site composting. The program was very successful and many residents enjoyed the fruits of their labor.

2011 saw Police Chief Mitchell Roth retire on April 1, 2011. Glenn Roberts was appointed on September 19, 2011 to take over as Chief of the Freehold Borough police department.

On August 27, 2011 the Borough of Freehold felt the impact of Hurricane Irene. The Office of Emergency Management prepared the town for her impact and the level of flooding, destruction, and power outages were kept to a low level. All departments of the Borough were called on for support to help get through the initial dumping from Irene to her aftermath. The Police and Fire Departments responded to numerous calls from onset of the storm and for days after, the Streets and Roads Department and Water-Sewer Department manned their vehicles and kept the streets cleared from debris and the pumping stations functioning without a hitch.

2010 saw the State Legislature pass a 2% Tax Levy Cap which was implemented with the 2011 Budget. The 2% Cap requires municipalities to limit the increase in the municipal tax levy over the previous year to 2% with exceptions for pension bills (PERS, PFRS), health insurance and others. In conjunction with the 2% Tax Levy Cap the governor instituted a best practices checklist that needed to be submitted to the Division of Local Government Services to see if each municipality was meeting certain criteria when it came to budgeting, financial oversight, etc. The checklist was to be utilized to gain an understanding of which municipalities were deficient in the requested areas and withhold State Aid for those not meeting the criteria. The Borough of Freehold did not have any State Aid withheld as a result of the checklist answers submitted.

P.L. 2011 c.78, Implementation of the 2011 Pension and Health Benefit reforms took place. This landmark legislation changed the requirements of the health care contributions by both current employees and retirees. The law also addresses an increase in pension contributions over a phased in 7 year period.

Based upon 2011's fiscal information contained in this report and information available to me, along with my familiarity with Freehold Borough, it is not anticipated that the Borough will experience any financial distress in 2012. The Borough continues to actively pursue various cost saving avenues and revenue streams from alternative sources.

CASH MANAGEMENT

Bank balances are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Governmental Unit Deposit Protection Act ("GUDPA") insures the remaining balance of Funds on Deposit in registered depositories.

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2011, idle funds were invested with the New Jersey Cash Management Fund, Sun National Bank, Sovereign Bank and Amboy Bank. Amboy Bank investment account offered a rate of 0.65% during 2011 which exceeded all other investment accounts.

ACCOUNTING AND BUDGET INFORMATION

Accounting:

The Borough maintains an on-line, real-time computerized accounting system to record all financial transactions including tax and water-sewer receipts and billing, special assessments, revenue, budget and general ledger, payroll and fixed assets.

In developing and evaluating the Borough's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits expected to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

During the calendar year, financial reports are prepared monthly and distributed to the Mayor and Council, Business Administrator and department heads. The reports detail the monthly transactions and summarize the balance in the appropriations allocated for goods and services.

Management of the Borough is responsible for establishing and maintaining an adequate internal control structure.

Budget:

The Local Budget Law for the State of New Jersey requires every local unit to adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to the final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director is required to review the adequacy of such appropriations, unless a specific amount is required by law. The review function, focusing on anticipated revenues, serves to protect the solvency of all local units.

Section 5:30-4 of the New Jersey Administrative Code provides that every local unit that proposes to spend \$25,000 or more on capital equipment, construction or improvements must prepare a Capital Budget. If the Borough's population exceeds 10,000 the Capital Improvement Program shall include by title all projects anticipated for the Budget year and the five succeeding years, with the estimated costs and the anticipated financing by sources and amounts. A six year Capital Improvement Program was adopted as part of the 2011 Budget.

A Capital Budget section included with the Annual Budget does not in itself confer any authorization to raise or expend funds. Rather, it is a document used as a part of the local unit's planning and management program. Specific authorization to expend funds for purposes described in the Capital Budget must be granted separately, through the adoption of a bond ordinance, by appropriating funds from the Capital Improvement Fund, or other lawful means.

The Budget of the Borough is categorized into appropriations by function. Each appropriation represents a service program or division within the Borough. Funds are appropriated to each of the Budget lines by the Mayor and Council in accordance with procedures prescribed by the State of New Jersey Local Budget Law.

Distinct appropriations are required for "Salaries and Wages" and for "Other Expenses". The Borough delineates each appropriation into subaccounts by budget codes.

The Business Administrator and Chief Financial Officer monitor expenditures throughout the fiscal year to ensure that spending remains within the amounts of funds authorized. Budget modifications are processed in the last two months of the year to transfer funds from one area to another as needed.

DEBT ADMINISTRATION

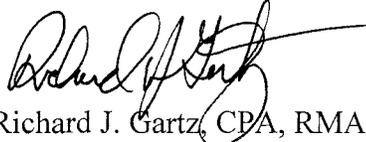
The authorized bonded indebtedness of municipalities in the State of New Jersey is limited by statute to an amount equal to 3½% of their equalized value. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain railroad property within its boundaries as annually determined by the State Board of Taxation.

The Borough has managed its debt well and has outstanding debt equal to 0.74% of its equalized value.

ACKNOWLEDGMENT

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Department and I would like to express my appreciation for their help and assistance in the preparation of the Borough's Comprehensive Annual Financial Report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard J. Gartz", with a long horizontal flourish extending to the right.

Richard J. Gartz, CPA, RMA
Chief Financial Officer

BOROUGH OF FREEHOLD

MUNICIPAL OFFICIALS

DECEMBER 31, 2011

Michael Wilson.....Mayor
George J. Schnurr.....Council President
Jaye Sims.....Councilman
Kevin Kane.....Councilman
Sharon Shutzer.....Councilwoman
Michael DiBenedetto.....Councilman
John Newman.....Councilman

Joseph B. Bellina.....Business Administrator
Richard J. Gartz, CPA, RMA.....Chief Financial Officer
Traci L. DiBenedetto.....Borough Clerk
Nancy Forman.....Tax Collector
Mitchell Elias.....Tax Assessor
Henry A. Stryker, III.....Construction Code Official
Mitchell Roth (retired April 1, 2011).....Chief of Police
Glenn Roberts (effective September 19, 2011).....Chief of Police
Scott J. Basen, Esq.....Municipal Judge
Kathleen A. Sheedy, Esq.....Municipal Prosecutor

BOROUGH OF FREEHOLD
CONSULTANTS AND ADVISORS

DECEMBER 31, 2011

AUDIT FIRM

Suplee, Clooney & Company
Westfield, NJ 07090

ATTORNEY

Kerry E. Higgins, Esq.
McKenna, DuPont, Higgins & Stone
229 Broad Street
PO Box 610
Red Bank, NJ 07701

BOND COUNSEL

Lomurro, Davison, Eastman & Munuz, PA
100 Willowbrook Road, Bldg 1
Freehold, NJ 07728

ENGINEER

Kranmer Engineering, Inc.
166 Patterson Avenue
Shrewsbury, NJ 07702

BOROUGH OF FREEHOLD

OFFICIAL DEPOSITORIES

DECEMBER 31, 2011

Wachovia Bank, NA NJ
72 West Main Street
Freehold, NJ 07728

TD Bank
Route 537
Freehold, NJ 07728

JP Morgan Chase Bank, NA
59 West Main Street
Freehold, NJ 07728

Amboy National Bank
East Main Street
Freehold, NJ 07728

Sun Bank
31 East Main Street
Freehold, NJ 07728

Investors Savings Bank
Route 9
Freehold, NJ 07728

State of New Jersey Cash Management Fund
2 Montgomery Street
Jersey City, NJ 07302

Sovereign Bank
521 Park Avenue
Freehold, NJ 07728

Municipal Investors Service Corp. (MBIA)
113 King Street
Armonk, NY 10504

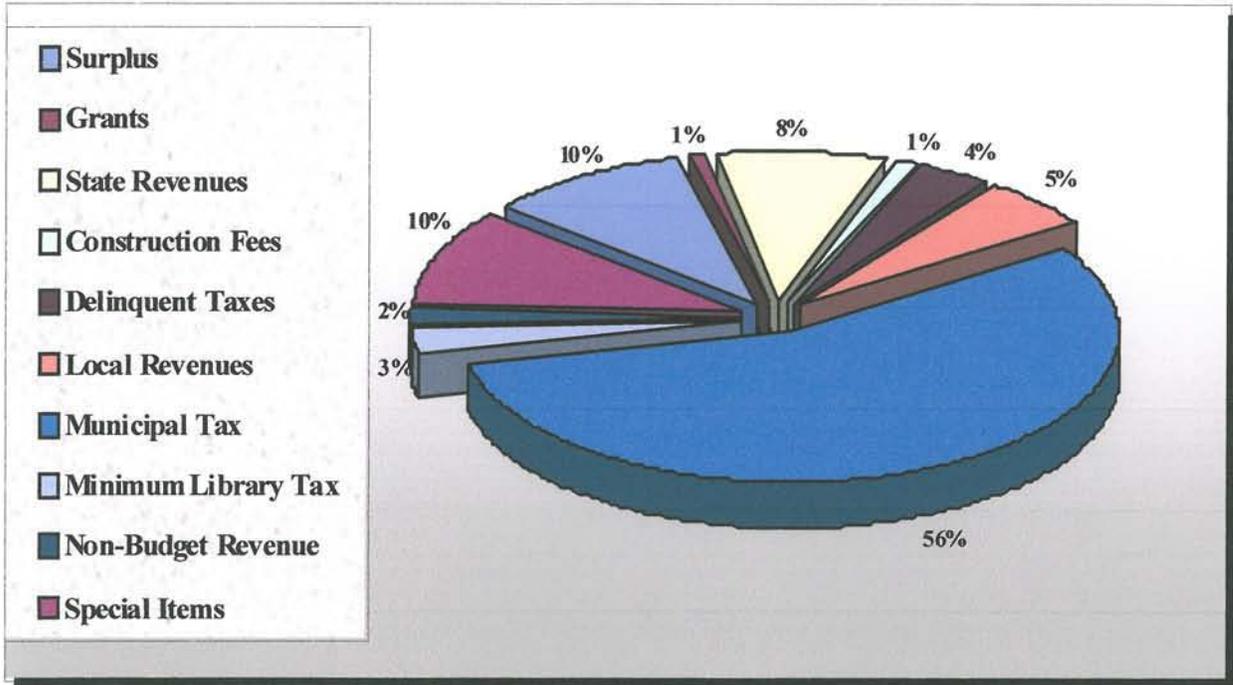
Trust Company
South Street & Park Avenue
Freehold, NJ 07728

Bank of America
1 West Main Street
Freehold, NJ 07728

Freehold Savings & Loan
68 West Main Street
Freehold, NJ 07728

WHERE THE REVENUE COMES FROM

FREEHOLD BOROUGH 2011 REVENUES



<u>TITLES</u>	<u>2011 ANTICIPATED REVENUES</u>	<u>2011 ACTUAL REVENUES</u>
Surplus	\$ 1,536,617.00	\$ 1,536,617.00
Grants	124,463.36	124,463.36
State Revenues	1,250,916.00	1,250,916.00
Construction Fees	145,000.00	178,921.00
Delinquent Taxes	550,000.00	572,124.53
Local Revenues	834,155.99	852,424.62
Municipal Tax	8,461,225.55	8,513,840.48
Minimum Library Tax	401,710.00	401,710.00
Non-Budget Revenue	-----	270,460.97
Special Items	<u>1,531,992.00</u>	<u>1,562,850.91</u>
TOTALS	<u>\$ 14,836,079.90</u>	<u>\$ 15,264,328.87</u>

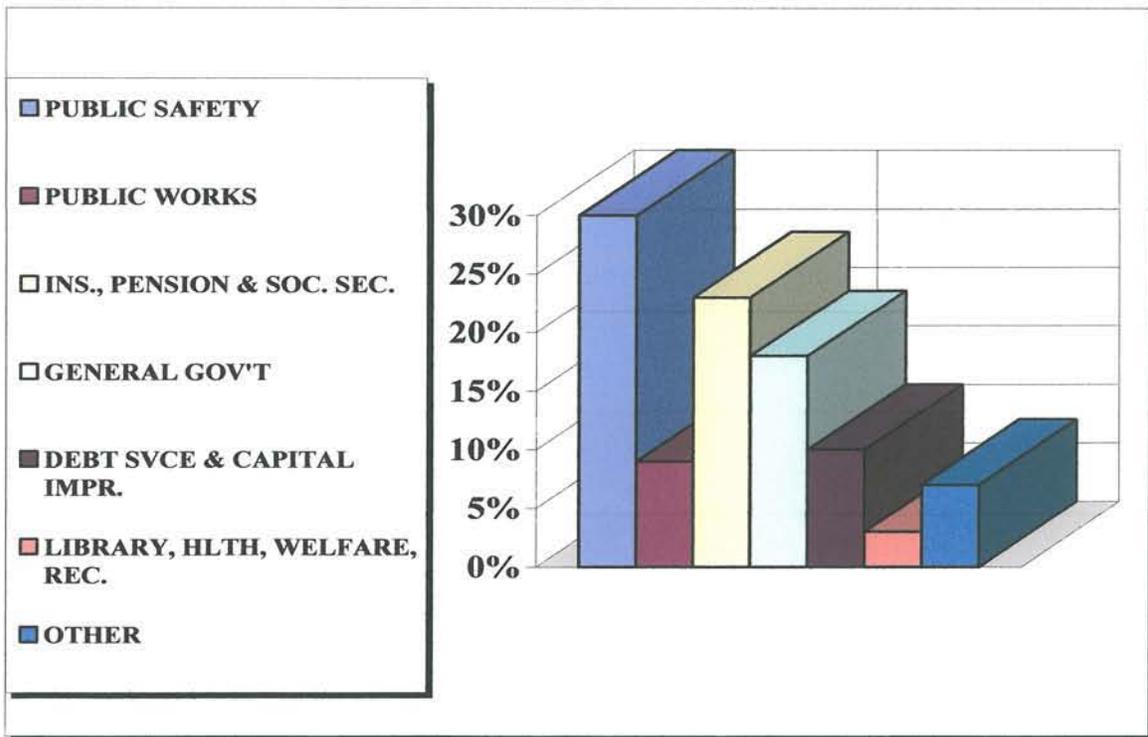
HOW YOUR 2011 MUNICIPAL TAX DOLLARS WERE SPENT

YOUR MUNICIPAL TAX DOLLARS* \$2,136.15

PUBLIC SAFETY	30%	\$ 640.84
PUBLIC WORKS	9%	192.25
INS., PENSION & SOC. SEC.	23%	491.31
GENERAL GOVERNMENT**	18%	384.51
DEBT SVCE. & CAPITAL IMPR.	10%	213.62
LIBRARY, HEALTH & REC.	3%	64.09
OTHER	<u>7%</u>	<u>149.53</u>
TOTAL:	<u>100%</u>	<u>\$2,136.15</u>

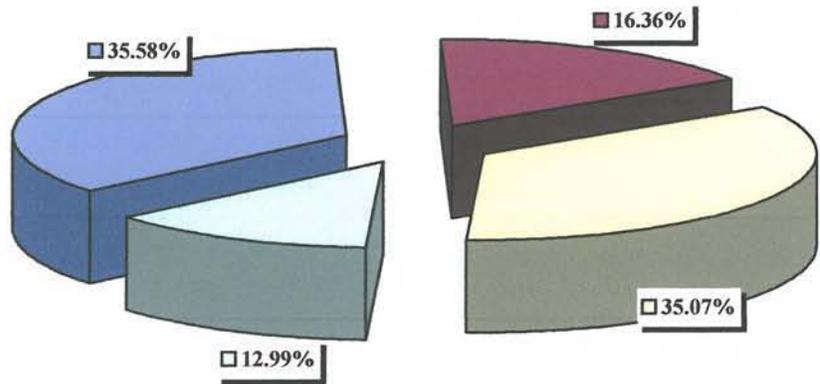
*BASED ON AN AVERAGE ASSESSMENT OF \$259,872.

**INCLUDES LAND USE ADMINISTRATION, CODE ENFORCEMENT, UTILITY EXPENSE & BULK PURCHASES, LANDFILL/SOLID WASTE DISPOSAL AND MUNICIPAL COURT



YOUR 2011 TAX RATE 2.310

- FREEHOLD BOROUGH MUNICIPAL TAX (.822)
- FREEHOLD REGIONAL HIGH SCHOOL DISTRICT TAX (.378)
- FREEHOLD BOROUGH LOCAL SCHOOL TAX (.810)
- MONMOUTH COUNTY TAX-DETERMINED BY BD. OF CHOSEN FREEHOLDERS (.300)



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Freehold
County of Monmouth
Freehold, New Jersey 07728

We have audited the accompanying combining financial statements - regulatory basis of the various individual funds and the account group of the Borough of Freehold, County of Monmouth, New Jersey as of and for the years ended December 31, 2011 and 2010, and for the year ended December 31, 2011 as listed as financial statements in the foregoing table of contents. These financial statements - regulatory basis are the responsibility of the management of the Borough of Freehold, County of Monmouth. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements for the year ended December 31, 2010 were audited by other auditors whose report dated April 26, 2011 expressed a qualified opinion on those financial statements presented on the regulatory basis of accounting due to the presentation of the unaudited Length of Service award Program (LOSAP) fund financial statements and due to incomplete disclosures with regard to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions".

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

As described in Note 1, the Borough of Freehold, County of Monmouth, prepares its financial statements on a prescribed basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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In addition, the financial statements of the LOSAP have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represents 49.75 % and 44.23% of the assets and liabilities, respectively, of the Borough's Trust Fund, as of December 31, 2011 and 2010.

In our opinion, because the Borough of Freehold prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the various individual funds of the Borough of Freehold as of December 31, 2011 and 2010 or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2011.

However, in our opinion, except for the effects of such adjustments, if any, that might have been necessary had the LOSAP Fund Financial Statements been audited, the financial statements - regulatory basis present fairly, in all material respects, the financial position - regulatory basis of the various individual funds and account groups of the Borough of Freehold, County of Monmouth, as of December 31, 2011 and 2010, and the results of its operations and changes in fund balance - regulatory basis for the years then ended and the revenues, expenditures and changes in fund balance - regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 10, 2012 on our consideration of the Borough of Freehold's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - regulatory basis taken as a whole. The information included in the other supplementary schedules and data listed in the table of contents is 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 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 regulatory financial statements. This 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.

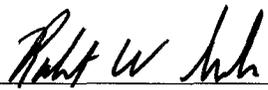
SUPLEE, CLOONEY & COMPANY

Such information, except for the introductory section and that portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended for the information of the Borough of Freehold, County of Monmouth, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

May 10, 2012



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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E-mail info@scnco.com

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

The Honorable Mayor and Members
of the Borough Council
Borough of Freehold
County of Monmouth
Freehold, New Jersey 07728

We have audited the accompanying financial statements - statutory basis of the Borough of Freehold, County of Monmouth, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated May 10, 2012 in which we expressed a qualified opinion since the Division of Local Government Services, Department of Community Affairs, State of New Jersey, does not require the Length of Service Award Program to be audited. Our report also disclosed that, as described in Note 1 to the financial statements, the Borough of Freehold prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Freehold's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Freehold's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Freehold's internal control over financial reporting.

SUPLEE, CLOONEY & COMPANY

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Freehold's financial statements - statutory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

This report is intended solely for the information of the Borough of Freehold, County of Monmouth, New Jersey, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

May 10, 2012

GENERAL PURPOSE FINANCIAL STATEMENTS

BOROUGH OF FREEHOLD
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - STATUTORY BASIS
DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010)

	Governmental Funds		Trust Funds	Water-Sewer Utility		General Fixed Assets Account Group	Totals	
	Current	General Capital		Operating	Capital		Memorandum Only	
							2011	2010
ASSETS AND OTHER DEBITS								
Cash and Cash Equivalents	\$ 3,587,136.52	\$ 3,589,948.96	\$ 796,573.41	\$ 1,097,100.77	\$ 1,069,421.31		\$ 10,140,180.97	\$ 11,877,197.55
Investments			788,513.26				788,513.26	707,479.61
Intergovernmental Receivable		582,750.00					582,750.00	569,980.00
Receivables and Other Assets:								
Delinquent Property Taxes	529,092.01						529,092.01	561,462.57
Consumer Accounts Receivable				333,075.06			333,075.06	259,292.55
Inventory				10,072.36			10,072.36	9,198.21
Tax Title Liens Receivable	25,865.32						25,865.32	25,187.62
Property Acquired for Taxes - Assessed Valuation	173,600.00						173,600.00	173,600.00
Other Accounts Receivable	50,769.05	280,472.56					331,241.61	344,027.64
Interfunds Receivable	41,618.49						41,618.49	52,487.37
Deferred Charges		10,041,000.00					10,041,000.00	9,193,000.00
Fixed Capital					11,975,169.37		11,975,169.37	11,945,169.37
Fixed Assets						\$ 12,346,769.56	12,346,769.56	12,119,345.41
Federal and State Grant Fund:								
Federal and State Grants Receivable	113,313.31						113,313.31	189,127.49
Interfund Receivable	104,860.86						104,860.86	
Total Assets and Other Debits	\$ 4,626,255.56	\$ 14,494,171.52	\$ 1,585,086.67	\$ 1,440,248.19	\$ 13,044,590.68	\$ 12,346,769.56	\$ 47,537,122.18	\$ 48,026,555.39

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

BOROUGH OF FREEHOLD
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - STATUTORY BASIS
DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010)

	Governmental Funds		Trust Funds	Water-Sewer Utility		General Fixed Assets Account Group	Totals	
	Current	General Capital		Operating	Capital		Memorandum Only	
							2011	2010
LIABILITIES, RESERVES AND FUND BALANCE								
Liabilities and Reserves:								
Appropriation Reserves	\$ 1,042,994.56			\$ 367,143.18			\$ 1,410,137.74	\$ 1,280,461.88
Other Liabilities and Reserves	1,244,412.72	\$ 2,092,135.30	\$ 1,575,600.18	118,945.06	\$ 296,035.35		5,327,128.61	5,369,923.64
Improvement Authorizations		3,178,818.06			364,885.26		3,543,703.32	3,191,637.70
Accrued Interest on Bonds and Notes				21,149.43			21,149.43	25,918.67
Reserve for Amortization					9,355,669.37		9,355,669.37	9,007,169.37
Deferred Reserve for Amortization					171,600.00		171,600.00	141,600.00
Interfunds Payable		32,132.00	9,486.49				41,618.49	52,191.22
Serial Bonds		5,335,000.00			1,783,000.00		7,118,000.00	8,475,000.00
Bond Anticipation Notes		3,455,300.00			584,700.00		4,040,000.00	3,254,000.00
Reserve for Receivables and Other Assets	820,944.87	248,340.56		343,147.42			1,412,432.85	1,393,123.96
Federal and State Grant Fund:								
Interfund Payable								296.15
Unappropriated/Appropriated Reserves	218,174.17						218,174.17	188,831.34
Total Liabilities and Reserves	\$ 3,326,526.32	\$ 14,341,725.92	\$ 1,585,086.67	\$ 850,385.09	\$ 12,555,889.98		\$ 32,659,613.98	\$ 32,380,153.93
Equity and Other Credits:								
Investment in General Fixed Assets						\$ 12,346,769.56	\$ 12,346,769.56	\$ 12,119,345.41
Fund Balance	\$ 1,299,729.24	\$ 152,445.60		\$ 589,863.10	\$ 488,700.70		2,530,738.64	3,527,056.05
Total Equity and Other Credits	\$ 1,299,729.24	\$ 152,445.60		\$ 589,863.10	\$ 488,700.70	\$ 12,346,769.56	\$ 14,877,508.20	\$ 15,646,401.46
Total Liabilities, Reserves and Fund Balance	\$ 4,626,255.56	\$ 14,494,171.52	\$ 1,585,086.67	\$ 1,440,248.19	\$ 13,044,590.68	\$ 12,346,769.56	\$ 47,537,122.18	\$ 48,026,555.39

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

BOROUGH OF FREEHOLD
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CURRENT AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Current Fund			Water-Sewer Utility Operating Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Fund Balance Anticipated	\$ 1,536,617.00	\$ 1,536,617.00		\$ 423,497.00	\$ 423,497.00	
Water-Sewer Rents				5,300,000.00	5,361,212.74	\$ 61,212.74
Miscellaneous Revenues	2,511,147.99	2,594,196.53	\$ 83,048.54	229,600.00	255,130.15	25,530.15
State Aid	1,250,916.00	1,250,916.00				
Federal and State Grants	124,463.36	124,463.36				
	<u>\$ 5,423,144.35</u>	<u>\$ 5,506,192.89</u>	<u>\$ 83,048.54</u>	<u>\$ 5,953,097.00</u>	<u>\$ 6,039,839.89</u>	<u>\$ 86,742.89</u>
Receipts from Delinquent Taxes	550,000.00	572,124.53	22,124.53			
Amount to be Raised for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	8,461,225.55	8,513,840.48	52,614.93			
Minimum Library Tax	401,710.00	401,710.00				
	<u>\$ 14,836,079.90</u>	<u>\$ 14,993,867.90</u>	<u>\$ 157,788.00</u>	<u>\$ 5,953,097.00</u>	<u>\$ 6,039,839.89</u>	<u>\$ 86,742.89</u>
Budget Totals						
Non-budget Revenues		270,460.97	270,460.97			
Other Credits to Income		796,260.40	796,260.40		399,918.89	399,918.89
Taxes Allocated to School, County and Special District	16,282,359.68	16,282,359.68				
	<u>\$ 31,118,439.58</u>	<u>\$ 32,342,948.95</u>	<u>\$ 1,224,509.37</u>	<u>\$ 5,953,097.00</u>	<u>\$ 6,439,758.78</u>	<u>\$ 486,661.78</u>
Total Revenues						

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

BOROUGH OF FREEHOLD
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CURRENT AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Current Fund			Water-Sewer Utility Operating Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:						
Current:						
Within "CAPS":						
General Government	\$ 853,325.00	\$ 853,325.00				
Land Use Administration	59,586.00	59,586.00				
Code Enforcement/Uniform Construction						
Code	337,105.00	337,105.00				
Insurance	1,875,125.00	1,875,125.00				
Public Safety	4,119,918.00	4,119,918.00				
Public Works	1,253,147.00	1,253,147.00				
Health and Human Services	22,405.00	22,405.00				
Parks and Recreation	74,400.00	74,400.00				
Utility Expense and Bulk Purchases	478,990.00	478,990.00				
Landfill/Solid Waste Disposal	463,352.00	463,352.00				
Contingent	2,000.00	2,000.00				
Municipal Court	310,385.00	310,385.00				
Deferred Charges and Statutory Expenditures	1,247,707.00	1,247,707.00				
Excluded from "CAPS":						
Library	401,710.00	401,710.00				
Insurance and Pensions	313,550.00	313,550.00				
Landfill/Solid Waste Disposal	99,768.00	99,768.00				
Interlocal Service Agreements	188,000.00	188,000.00				
Due to Local and Regional School Districts -						
Business Personal Property Adjustment	105,746.00	105,746.00				
State and Federal Grants	384,569.66	384,569.66				
Operating				\$ 5,275,217.00	\$ 5,275,217.00	
Capital Improvements	112,500.00	112,500.00		25,000.00	25,000.00	
Debt Service	1,406,981.00	1,406,979.75	\$ 1.25	438,041.00	438,041.00	
Deferred Charges and Statutory Expenditures				214,839.00	214,839.00	
Reserve for Uncollected Taxes	725,810.24	725,810.24				
Total Budget Expenditures	\$ 14,836,079.90	\$ 14,836,078.65	\$ 1.25	\$ 5,953,097.00	\$ 5,953,097.00	

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

BOROUGH OF FREEHOLD
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CURRENT AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Current Fund			Water-Sewer Utility Operating Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (Continued):						
County, School and Special District Taxes	\$ 16,282,359.68	\$ 16,282,359.68				
Other Expenses		12,100.61	\$ (12,100.61)			
Total Expenditures	\$ 31,118,439.58	\$ 31,130,538.94	\$ (12,099.36)	\$ 5,953,097.00	\$ 5,953,097.00	
Statutory Excess to Fund Balance		\$ 1,212,410.01	\$ 1,212,410.01		\$ 486,661.78	\$ 486,661.78
Fund Balance, January 1, 2011		1,623,936.23	1,623,936.23		1,166,698.32	1,166,698.32
		\$ 2,836,346.24	\$ 2,836,346.24		\$ 1,653,360.10	\$ 1,653,360.10
Decreased by:						
Utilization as Anticipated Revenue		\$ 1,536,617.00	\$ 1,536,617.00		\$ 423,497.00	\$ 423,497.00
Transferred to Current Fund as Anticipated Revenue					640,000.00	640,000.00
		\$ 1,536,617.00	\$ 1,536,617.00		\$ 1,063,497.00	\$ 1,063,497.00
Fund Balance, December 31, 2011		\$ 1,299,729.24	\$ 1,299,729.24		\$ 589,863.10	\$ 589,863.10

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Description of Financial Reporting Entity - The Borough of Freehold (the "Borough") is located in the western part of Monmouth County in the north central part of New Jersey. It is wholly surrounded by Freehold Township and its neighboring communities include Colts Neck, Marlboro and Manalapan Township.

The Borough of Freehold operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

- B. Description of Funds - The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP.)

The accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds that differ from the fund structure required by generally accepted accounting principles.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund and Trust Other Fund.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Water-Sewer Utility Operating Fund and Capital Fund - The Water-Sewer Utility maintains an Operating Fund and Capital Fund which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Payroll Trust Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into bank accounts of the Payroll Fund. Other deductions are retained by the operating funds and paid directly therefrom. A Payroll Fund does not exist under GAAP.

Fixed Asset Group of Accounts - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

- C. Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue - Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Reserve for Encumbrances - As of January 1, 1986 all local units were required by N.J.A.C. 5:30-5.2, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Interfund Accounts Receivable - Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water-Sewer Utility is required, by regulation, to be prepared by Borough personnel for inclusion on the Water-Sewer Utility Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Fixed Assets

General - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Asset 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.

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or greater, per unit.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

General (Continued)

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water-Sewer Utility, are recorded at cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are not duplicated in the Fixed Asset Group of Accounts.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligation.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

- D. Basic Financial Statements - The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 2. DEPOSITS AND INVESTMENTS

A. Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The New Jersey Governmental Unit Deposit Protection Act 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 the FDIC.

Bank balances are insured up to \$250,000.00 in aggregate by the FDIC for each bank. At December 31, 2011 and 2010, the book value of the Borough's deposits were \$10,140,180.97 and \$11,877,197.55, respectively and bank balances of the Borough's deposits amounted to \$10,586,193.17 and \$12,120,148.44, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as follows:

Depository Account	December 31,	
	<u>2011</u>	<u>2010</u>
Insured	\$ 570,958.32	\$ 1,000,000.00
Uninsured and Collateralized	<u>10,015,234.85</u>	<u>11,120,148.44</u>
	<u>\$ 10,586,193.17</u>	<u>\$ 12,120,148.44</u>

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial risk. As of December 31, 2011 and 2010, the Borough’s bank balance of \$10,015,234.85 and \$11,120,148.44, respectively was exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department not in the Borough's name	\$ <u>10,015,234.85</u>	\$ <u>11,120,148.44</u>
	<u>\$ 10,015,234.85</u>	<u>\$ 11,120,148.44</u>

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. LOSAP investments include interest bearing account 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 or variable life insurance contracts.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure; however, investments are matched with anticipated cash flows to minimize interest rate risk

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough limits its credit risk by investing in direct obligations of the United States government, its agencies or instrumentalities secured by the full faith and credit of the government of the United States. U.S. government securities carry an underlying rating of AAA by Standard and Poor's and AAA by Moody's Investors Service. The Authority's investments in federal agency discount notes carry the highest available rating by Standard & Poor's. The Borough has no policy on credit risk; however, investments are limited to securities guaranteed by the U.S. Government.

Concentration of Credit Risk: The Borough places no limit on the amount that may be invested in any one issuer. 100% of the Borough's investments are in obligations of the United States or its agencies or instrumentalities.

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and Schools purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance. Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed. The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Comparative Schedule of Tax Rates

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate	\$ 2.310	\$ 2.246	\$ 2.207	\$ 2.127	\$ 2.040
Apportionment of Tax Rate:					
Municipal	0.785	0.791	0.756	0.718	0.659
Municipal Library	0.037				
County	0.300	0.283	0.289	0.278	0.277
Local School	0.810	0.796	0.780	0.756	0.736
Regional High School	0.378	0.376	0.382	0.375	0.368

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2011	\$ 1,078,233,655
2010	1,078,835,273
2009	1,073,598,435
2008	1,080,148,969
2007	1,080,991,278

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$ 25,178,131.04	\$ 24,582,099.92	97.63%
2010	24,511,865.07	23,918,981.80	97.58%
2009	24,069,140.26	23,572,142.84	97.93%
2008	23,236,125.89	22,780,508.89	98.03%
2007	22,313,025.47	21,992,754.72	98.56%

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 25,865.32	\$ 529,092.01	\$ 554,957.33	2.20%
2010	25,187.62	561,462.57	586,650.19	2.39%
2009	8,850.23	460,867.97	469,718.20	1.95%
2008	3,934.37	440,875.17	444,809.54	1.91%
2007	3,934.37	292,942.11	296,876.48	1.33%

Note 4. 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>
2011	\$ 173,600.00
2010	173,600.00
2009	173,600.00
2008	173,600.00
2007	173,600.00

Note 5. WATER-SEWER CONSUMER ACCOUNTS RECEIVABLE

The Borough of Freehold maintains a utility fund for the billing and collection of water-sewer rents. The Borough is divided into sections for the purpose of billings that are done on a quarterly basis for each section.

A comparison of Water-Sewer Utility billings and collections for the past five years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collections (1)</u>
2011	\$ 5,434,995.25	\$ 5,361,212.74
2010	5,369,730.22	5,373,143.26
2009	5,125,512.46	5,117,973.16
2008	4,926,489.39	4,929,836.49
2007	4,492,302.28	4,463,215.70

(1) Collections include prior year billings received in current year.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 6. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Utilized</u>
2011	\$ 1,299,729.24	\$ 1,151,000.00	88.56%
2010	1,623,936.23	1,536,617.00	94.62%
2009	1,523,254.21	1,375,000.00	90.27%
2008	1,535,983.01	1,375,000.00	89.52%
2007	2,108,863.67	1,753,276.00	83.14%

Water-Sewer Utility Operating Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Utilized</u>
2011	\$ 589,863.10	\$ -	0.00%
2010	1,166,698.32	423,497.00	36.30%
2009	1,152,276.96	480,795.00	41.73%
2008	1,276,600.90	591,444.00	46.33%
2007	1,619,530.01	975,103.00	60.21%

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 7. PENSION PLANS

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems that have been established by State statute: the Public Employees' Retirement System (PERS), the Police and Firemen's Pension Fund (PFRS), or the Defined Contribution Retirement Program (DCRP). In addition, the Borough contributes to the Consolidated Police and Firemen's Pension Fund. These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered cost sharing multiple-employer plans.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after ten years of service credit and twenty-five years of service credit for medical benefits.

Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55th of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 7. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after ten years of membership. A member may retire at age fifty-five with a benefit equal to two percent of average compensation for each year of creditable service up to thirty years, plus one percent for each year of creditable service in excess of thirty years.

Consolidated Police and Firemen's Pension Fund

The Consolidated Police and Firemen's Retirement System (CPFRS) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

Contributions Required to be Made

Employee contributions are currently six and one-half percent (6.5%) of their base wages for PERS and ten percent (10%) for PFRS. Employer's contributions are actuarially determined annually by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Borough</u>	<u>Employees</u>	<u>Borough</u>	<u>Employees</u>
2011	\$ 345,781.00	\$ 154,425.77	\$ 852,979.00	\$ 251,095.64
2010	261,288.00	153,987.65	689,836.00	257,542.96
2009	140,069.00 *	166,864.62	368,093.00 *	272,162.12

All contributions were equal to the required contributions for each of the three years, respectively.

* \$112,180.00 for PERS and \$340,121.00 for PFRS were deferred for 5 years pursuant to N.J.S.A 43:15A-24(c) and N.J.S.A. 43:16a-15(9).

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 7. PENSION PLANS (CONTINUED)

Post Employment Retirement Benefits

The Public Employees' Retirement System and the Police and Firemen's Retirement System provide certain post employment retirement benefits.

Note 8. POST EMPLOYMENT PLANS OTHER THAN PENSIONS

State Health Benefits Program

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1983, the Borough of Freehold authorized participation in the SHBP's post-retirement benefit program through a resolution adopted on November 7, 1983 (agenda 22-83, item#5). The Borough of Freehold pays the monthly premium for all eligible retired employees and their dependents, including surviving spouses, if such employees retired from a State or locally-administered retirement system effective after the date the employer adopted the State Health Benefits Program on a benefit based on 25 years or more of service credited in such retirement system, excepting the employees who elected deferred retirement, but including those employees who retired on disability pensions based on fewer years of service credit.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 8. POST EMPLOYMENT PLANS OTHER THAN PENSIONS (CONTINUED)

State Health Benefits Program (Continued)

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Freehold on a monthly basis. The Borough of Freehold annually funds the required contributions through its operating budget for both the current and water-sewer utility funds.

The Borough of Freehold contributions to SHBP for the years ended December 31, 2011, 2010, and 2009, were \$555,114.11, \$90,007.55, and \$417,710.44, respectively, which equaled the required contributions for each year. There were approximately 46, 44, and 40 retired participants eligible at December 31, 2011, 2010, and 2009, respectively.

The Borough changed from participating in the SHBP effective February 28, 2010 and enrolled with a new provider for health insurance and prescription medical coverage. The Borough re-enrolled in the SHBP effective March 1, 2011.

Other Than State Health Benefits Program

Plan Description

For the period February 28, 2010 through December 31, 2010 the Borough enrolled with a new provider for health insurance and prescription medical coverage. Below describes the intent of the postemployment plan objectives.

The Borough's defined benefit postemployment plan (the "Borough Plan") was to provide eligible employees and their eligible dependents with fully paid health and prescription benefits until the employee or spouse reached Medicare age. Once Medicare age is attained by either the employee or spouse, Medicare would have become the primary benefit with the Borough providing supplementary medical and prescription insurance. This plan was to mirror the NJSHBP.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 8. POST EMPLOYMENT PLANS OTHER THAN PENSIONS (CONTINUED)

Other Than State Health Benefits Program (Continued)

An employee would be eligible for benefits upon retirement provided they have completed twenty-five (25) or more years of service credit within the Public Employees Retirement System (PERS) or Police and Fireman Retirement System (PFRS) and are eligible to collect a retirement benefit.

The Borough plan does not issue a separate financial report.

Funding Policy

The contribution requirement of the Borough was established by policy of the Borough Council. The Council may amend its policy, subject to contractual provisions, as deemed necessary. The required contribution was based upon projected pay-as-you go financing requirements. For the year 2010, the Borough contributed \$472,609.59 to the Borough plan for current premiums.

Annual OPEB Cost and Net OPEB Cost Obligation

The Borough's annual other postemployment benefit (OPEB) cost (expense) was to be calculated based on the annual required contribution for the employer (ARC), an amount that was supposed to be actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period no to exceed thirty years. The Borough opted out of NJSHBP effective February 28, 2010 and re-enrolled as of March 1, 2011. Due to the short term enrollment period of the plan and the excessive cost (ranging from \$5,000 to \$15,000) management decided not to incur the cost of having an actuarial calculation completed in accordance with GASB 45. No further information under the parameters of GASB 45 for Funded Status and Funding Progress, Actuarial Methods and Assumptions, and Required Supplementary Information are presented.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or refunded by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	Year 2011	Year 2010	Year 2009
Issued:			
General:			
Bonds and Notes	\$ 8,790,300.00	\$ 9,027,700.00	\$ 8,792,200.00
Water-Sewer Utility:			
Bonds and Notes	<u>2,367,700.00</u>	<u>2,701,300.00</u>	<u>2,805,400.00</u>
Total Issued	<u>\$ 11,158,000.00</u>	<u>\$ 11,729,000.00</u>	<u>\$ 11,597,600.00</u>
Less:			
Reserve for Payment of Bonds	\$ 1,167,056.88	\$ 1,352,160.11	\$ 1,380,440.88
Reserve for Payment of Notes	799.75	75,799.75	
Mortgage Sales Receivable	<u>237,095.26</u>	<u>242,834.35</u>	<u>315,223.25</u>
Total Deductions	<u>\$ 1,404,951.89</u>	<u>\$ 1,670,794.21</u>	<u>\$ 1,695,664.13</u>
Net Debt Issued	<u>\$ 9,753,048.11</u>	<u>\$ 10,058,205.79</u>	<u>\$ 9,901,935.87</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 1,250,700.00	\$ 165,300.00	\$ 246,200.25
Water-Sewer Utility:			
Bonds and Notes	<u>80,200.00</u>	<u>95,100.00</u>	<u>16,000.00</u>
Total Authorized But Not Issued	<u>\$ 1,330,900.00</u>	<u>\$ 260,400.00</u>	<u>\$ 262,200.25</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,083,948.11</u>	<u>\$ 10,318,605.79</u>	<u>\$ 10,164,136.12</u>

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.74%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 5,903,615.58	\$ 5,903,615.58	\$ None
Regional High School Debt	1,423,083.02	1,423,083.02	None
Water-Sewer Utility Debt	2,447,900.00	2,447,900.00	None
General Debt	<u>10,041,000.00</u>	<u>1,404,951.89</u>	<u>8,636,048.11</u>
	<u>\$ 19,815,598.60</u>	<u>\$ 11,179,550.49</u>	<u>\$ 8,636,048.11</u>

Net Debt \$8,636,048.11 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$1,168,656,366.00 equals 0.74%.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer with the Division of Local Government Services.

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

3½% of Equalized Valuation Basis (Municipal)	\$ 40,902,972.81
Net Debt	<u>8,636,048.11</u>
Remaining Borrowing Power	<u>\$ 32,266,924.70</u>

School Debt Deduction

School debt is deductible up to the extent of 3.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

School debt is deductible up to the extent of 3.0% of the Average Equalized Assessed Valuation of real property for the Regional High School District.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

Calculation of "Self-Liquidating Purpose", Water-Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts for Fees, Rents or Other Charges for the Year		\$ 5,948,309.89
Deductions:		
Operating and Maintenance Costs	\$ 5,490,056.00	
Debt Service	<u>438,041.00</u>	<u>5,928,097.00</u>
Excess in Revenue		<u>\$ 20,212.89</u>

Long-Term Debt

General Serial Bonds

\$2,330,000 1995 Bonds due in annual installments of \$185,000 to \$220,000 through July 15, 2015 at interest rates ranging from 5.45% to 5.5%.	\$ 805,000.00
\$2,377,000 1998 Bonds due in annual installments of \$182,000 to \$205,000 through August 2013 at an interest rate of 4.55%.	387,000.00
\$4,303,000 2002 Bonds due in annual installments of \$360,000 to \$370,000 through August 2017 at an interest rate of 4.00%.	2,193,000.00
\$3,007,000 2007 Bonds due in annual installments of \$325,000 to \$450,000 through November 2016 at an interest rate of 4.00%.	<u>1,950,000.00</u>
	<u>\$ 5,335,000.00</u>

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund Serial Bonds

\$1,528,000 1998 Bonds due in annual installment of \$108,000 to \$130,000 through August 2013 at an interest rate of 4.55% \$ 238,000.00

\$1,159,000 2002 Bonds due in annual installment of \$95,000 to \$100,000 through August 2017 at an interest rate of 4.00% 594,000.00

\$1,361,000 2007 Bonds due in annual installment of \$135,000 to \$176,000 through November 2017 at an interest rate of 4.00% 951,000.00

\$ 1,783,000.00

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes at December 31, 2010 are as follows:

<u>General Capital Fund</u>			<u>Payment</u>		
<u>Interest</u>	<u>Original</u>	<u>Amount</u>	<u>Required</u>		
<u>Rate</u>	<u>Issue Date</u>		<u>First</u>	<u>Last</u>	
1.75%	12/23/08	\$ 325,000.00	2011	2018	
1.75%	12/22/09	800,000.00	2012	2019	
1.75%	12/21/10	322,000.00	2013	2020	
1.75%	12/23/08	67,500.00	2011	2018	
1.75%	12/23/08	202,500.00	2011	2018	
1.75%	12/22/09	15,200.00	2011	2019	
1.75%	12/21/10	171,000.00	2013	2020	
1.75%	12/21/10	450,000.00	2013	2020	
1.75%	12/20/11	165,300.00	2014	2021	
1.75%	12/21/10	237,500.00	2013	2020	
1.75%	12/20/11	599,300.00	2014	2021	
1.75%	12/20/11	<u>100,000.00</u>	2014	2021	
		<u>\$ 3,455,300.00</u>			
<u>Water-Sewer Utility</u>					
<u>Capital Fund</u>					
1.75%	12/22/09	\$ 30,000.00	2012	2019	
1.75%	12/21/11	14,900.00	2014	2021	
1.75%	12/23/08	254,900.00	2011	2018	
1.75%	12/21/10	<u>284,900.00</u>	2013	2020	
		<u>\$ 584,700.00</u>			

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

1995 Series Bonds

In December 1995, the Borough issued \$2,330,000.00 aggregate principal amount of Series 1995 general obligation bonds. The Bonds were issued through the Monmouth County Improvement Authority Governmental Loan Program. The remaining Bonds mature in annual maturities and bear interest at rates ranging from 5.45% to 5.50%.

Redemption

The Bonds were subject to redemption prior to maturity to the extent permitted and in the manner and upon the terms set forth in Section 1303 of the Monmouth County Improvement Authority's (the "Authority") Program Resolution. The redemption provisions of the Bonds shall correspond to the redemption provisions of the Authority's Program Bonds as set forth in the Program Resolution; the Bonds shall be redeemable upon the notice and the payment of the redemption price set forth in the Program Resolution and upon the ability of the Authority to redeem the Program Bonds which provisions are summarized as follows:

The Authority Program Bonds maturing on or before July 1, 2006 were not subject to redemption prior to maturity. The Authority Program Bonds maturing on or after July 15, 2007 are subject to redemption prior to maturity on or after July 15, 2006 at the option of the Authority and upon notice, either in whole on any date or in part on any interest payment date of the Authority Program Bonds, at the respective redemption price for the respective period (expressed as a percentage of the principal amounts of Program Bonds, the "Redemption Price") set forth below, and accrued interest thereon to the date of redemption.

<u>Redemption Period</u> <u>(both dates inclusive)</u>	<u>Authority Program Bond</u> <u>Redemption Price</u>
July 15, 2006 to July 14, 2007	102%
July 15, 2007 to July 14, 2008	101%
July 15, 2008 and thereafter	100%

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

1998 Series Bonds

The Borough issued \$3,905,000.00 of General Obligation Bonds consisting of \$2,377,000.00 General Improvement Bonds and \$1,528,000.00 Water/Sewer Utility Bonds dated August 1, 1998. The remaining Bonds are not subject to redemption prior to their stated annual maturities and bear interest at 4.55%.

2002 Series Bonds

The Borough issued \$5,462,000.00 of General Obligation Bonds consisting of \$4,303,000.00 General Improvement Bonds and \$1,159,000.00 Water/Sewer Utility Bonds dated August 1, 2002. The remaining Bonds are not subject to redemption prior to their stated annual maturities and bear interest at 4.00%.

2007 Series Bonds

The Borough issued \$4,368,000.00 of General Obligation Bonds consisting of \$3,007,000.00 General Improvement Bonds and \$1,361,000.00 Water/Sewer Utility Bonds dated November 1, 2007. The remaining Bonds are not subject to redemption prior to their stated annual maturities and bear interest at 4.00%.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 9. MUNICIPAL DEBT (CONTINUED)

A schedule of annual debt service for principal and interest for bonded debt is as follows:

Calendar Year	General		Water-Sewer		Total
	Principal	Interest	Principal	Interest	
2012	\$ 1,075,000.00	\$ 227,413.50	\$ 360,000.00	\$ 72,629.00	\$ 1,735,042.50
2013	1,087,000.00	180,603.50	353,000.00	57,514.00	1,678,117.50
2014	975,000.00	133,295.00	255,000.00	42,800.00	1,406,095.00
2015	1,015,000.00	91,220.00	270,000.00	32,600.00	1,408,820.00
2016	820,000.00	47,320.00	270,000.00	21,800.00	1,159,120.00
2017	363,000.00	14,520.00	275,000.00	11,000.00	663,520.00
	<u>\$ 5,335,000.00</u>	<u>\$ 694,372.00</u>	<u>\$ 1,783,000.00</u>	<u>\$ 238,343.00</u>	<u>\$ 8,050,715.00</u>

Bonds and Notes Authorized but not Issued

At December 31, 2011, the Borough of Freehold has authorized but not issued bonds and notes as follows:

General Capital Fund:	
Bonds and Notes	\$ 1,250,700.00
Water-Sewer Utility Capital Fund:	
Bonds and Notes	80,200.00

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 10. LOCAL DISTRICT AND REGIONAL HIGH SCHOOL TAXES

Regulations provide for the 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 Borough raises its share of Local District School Taxes on a calendar year basis, thus there is no deferral of Local District School Taxes.

The Borough raises its share of Regional High School Taxes on a school year basis and has elected to defer these taxes as follows:

	Regional High School Taxes Balance, December 31,	
	2011	2010
Balance of Tax	\$ 1,973,760.35	\$ 1,964,594.01
Deferred Portion	1,964,594.01	1,964,594.01
Tax Payable	\$ 9,166.34	\$ -

Note 11. DEFERRED COMPENSATION PLAN

The Borough offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:3-37.

The "Small Business Job Protection Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 11. DEFERRED COMPENSATION PLAN (CONTINUED)

The plan was adopted by Resolution on September 17, 1990 and amended by Resolution on December 7, 1998.

The administrator for the Borough's Deferred Compensation Plan is The Equitable.

Note 12. RISK MANAGEMENT

The Borough, together with other governmental units, are members of the New Jersey Intergovernmental Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles.

For the year ended December 31, 2011, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability and Workmen's Compensation. The Fund also provided public officials' surety bond coverage and public employee blanket bond coverage.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and prior two years:

<u>December 31,</u>	<u>Interest</u> <u>Earned</u>	<u>Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2011	\$ 173.03	\$ 56,191.98	\$ 81,255.20	\$ 195,937.89
2010	414.33	54,483.38	34,013.20	220,828.08
2009	1,077.40	None	6,901.05	199,943.57

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 13. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at December 31, 2011 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1.88	
Animal Control Trust Fund		\$ 1.88
Current Fund	32,132.00	
General Capital Fund		32,132.00
Current Fund	9,419.94	
Trust Other Fund		9,419.94
Federal and State Grant Fund	104,860.86	
Current Fund		104,860.86
Current Fund	64.67	
Payroll Fund		64.67
	<u>\$ 146,479.35</u>	<u>\$ 146,479.35</u>

The above interfund balances are created by several factors such as interest earnings in one fund that are not transferred by year end, expenditures by one-fund not reimbursed by the other fund by year end and book entries for control purposes.

Note 14. CONTINGENT LIABILITIES

A. Reserve for Compensated Absences

The Borough has a potential contingent liability for accrued unused sick days as of December 31, 2011, under the adopted policies and procedures of the Borough, of \$336,748.89, for those employees who could conceivably retire within the next five years. The Borough has funded only \$48,966.51. An accrual has not been made for the unfunded portion of this potential liability.

B. Reserve for State Tax Appeals

The Borough has a Reserve for State Tax Appeals at December 31, 2011 of \$311,500.00. This amount represents various cases pending appeal for the years 2008 through 2011. This amount is based upon a historical averages and managements estimate as of December 31, 2011. Should the appeals, when finally adjudicated, exceed the amounts provided, the excess would be a direct charge to the operations (fund balance) of the Borough.

C. Litigation

The Borough Attorney's representation has revealed that no material contingencies exist for litigation in which the Borough is involved.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 15. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

A. Volunteer Fire Department

The Borough of Freehold Length of Service Award Program (the Plan) was created by a Borough Ordinance adopted on August 4, 2003 pursuant to P.L. 1997, c. 388 of the State of New Jersey and Code Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The voters of the Borough of Freehold approved the adoption of the Plan at the general election held on November 4, 2003.

The first year of eligibility for entrance into the Plan was calendar year 2004. The tax deferred income benefits for the Volunteer Fire Department come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of the plan created by the governing body.

If an active member meets the year of active service requirements, a LOSAP must provide a benefit contribution of \$1,150.00 per year in accordance with the Borough Ordinance adopted on August 4, 2003 as amended.

The Borough of Freehold contributed \$100,050.00 during 2011 for each eligible volunteer fire department member in the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Service Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. All earnings, dividends and other distributions of the account shall be automatically reinvested.

B. Freehold First Aid and Emergency Squad

The Length of Service Award Program (the Plan) was created by a Borough Ordinance adopted on August 16, 2004 pursuant to P.L. 1997, c. 388 of the State of New Jersey and Code Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The LOSAP is administered by the Borough of Freehold as the lead agency through an interlocal service agreement with the Township of Freehold. The voters of the Borough of Freehold and Township of Freehold approved the adoption of the Plan at the general election held on November 2, 2004. The Borough of Freehold is responsible for thirty-five percent (35%) and the Township of Freehold is responsible for sixty-five (65%) of the total contribution.

BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 15. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (CONTINUED)

B. Freehold First Aid and Emergency Squad(continued)

The first year of eligibility for entrance into the Plan was calendar year 2005. The tax deferred income benefits for the Volunteer Fire Department come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of the plan created by the governing body.

If an active member meets the year of active service requirements, a LOSAP must provide a benefit contribution of \$1,150.00 per year in accordance with the Borough Ordinance adopted on August 16, 2004.

The Borough of Freehold contributed \$6,440 during 2011 for each eligible volunteer member in the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Service Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. All earnings, dividends and other distributions of the account shall be automatically reinvested.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the respective volunteer organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code N.J.A.C. 5:30-14.49 requires that the Borough have performed a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services.

COMBINING AND INDIVIDUAL FUND
AND ACCOUNT GROUP STATEMENTS



CURRENT FUND

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,587,136.52	\$ 3,475,013.32
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes	529,092.01	561,462.57
Tax Title Liens Receivable	25,865.32	25,187.62
Property Acquired for Taxes - Assessed Valuation	173,600.00	173,600.00
Other Accounts Receivable:		
Revenue Accounts Receivable	34,986.18	26,656.31
Other Municipal Liens and Charges Receivable	15,782.87	21,929.33
Interfunds Receivable	<u>41,618.49</u>	<u>52,487.37</u>
Total Current Fund	<u>\$ 4,408,081.39</u>	<u>\$ 4,336,336.52</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	\$ 113,313.31	\$ 189,127.49
Interfund Receivable	<u>104,860.86</u>	<u> </u>
Total Federal and State Grant Fund	<u>\$ 218,174.17</u>	<u>\$ 189,127.49</u>
Total Assets	<u><u>\$ 4,626,255.56</u></u>	<u><u>\$ 4,525,464.01</u></u>

LIABILITIES, RESERVES AND
FUND BALANCE

Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,042,994.56	\$ 763,018.25
Due State of New Jersey Per Ch. 20, P.L. 1971	394.10	1,025.00
Prepaid Taxes	163,887.17	148,418.23
Prepaid Licenses, Fees and Permits	86,839.00	98,736.00
Tax Overpayments	19,369.41	11,313.98
Due County for Added Taxes	4,015.50	4,932.90

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)</u>		
Current Fund (Continued):		
Liabilities (Continued):		
Reserve for State Library Aid	\$ 5,087.39	\$ 6,993.89
Reserve for State Tax Appeals	311,500.00	233,000.00
Intergovernmental Payable	1,586.00	1,430.00
Reserve for Encumbrances	469,006.95	467,208.84
Reserve for Sale of Municipal Assets	65,000.00	115,000.00
Reserve for Deposits	3,700.00	
Interfunds Payable	104,860.86	
Regional High School Tax Payable	<u>9,166.34</u>	
	\$ 2,287,407.28	\$ 1,851,077.09
Reserve for Receivables and Other Assets	820,944.87	861,323.20
Fund Balance	<u>1,299,729.24</u>	<u>1,623,936.23</u>
Total Current Fund	\$ <u>4,408,081.39</u>	\$ <u>4,336,336.52</u>
Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	\$ 85,839.74	\$ 80,507.45
Unappropriated	132,334.43	108,323.89
Interfund Payable	<u> </u>	<u>296.15</u>
Total Federal and State Grant Fund	\$ <u>218,174.17</u>	\$ <u>189,127.49</u>
Total Liabilities, Reserves and Fund Balance	\$ <u><u>4,626,255.56</u></u>	\$ <u><u>4,525,464.01</u></u>

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 1,536,617.00	\$ 1,375,000.00
Miscellaneous Revenues Anticipated	2,594,196.53	2,541,773.01
State Aid	1,250,916.00	1,250,916.00
Federal and State Grants	124,463.36	160,292.54
Receipts from Delinquent Taxes	572,124.53	460,299.54
Amount to be Raised by Taxation for Support of Municipal Budget	8,915,550.48	8,603,985.40
Non-Budget Revenues	270,460.97	238,952.81
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves and Encumbrances	750,064.18	925,676.02
Cancellation of Reserve for State Tax Appeals	26,137.00	27,216.99
State Grant Unappropriated Reserve Canceled		6,873.43
Prior Year Interfunds Liquidated	20,059.22	18,285.53
Taxes Allocated to School, County and Special District	<u>16,282,359.68</u>	<u>15,939,198.43</u>
 Total Income	 <u>\$ 32,342,948.95</u>	 <u>\$ 31,548,469.70</u>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	\$ 853,325.00	\$ 864,101.00
Land Use Administration	59,586.00	58,686.00
Code Enforcement/Uniform Construction Code	337,105.00	327,605.00
Insurance	1,875,125.00	1,658,848.00
Public Safety	4,119,918.00	4,091,768.00
Public Works	1,253,147.00	1,260,467.00
Health and Human Services	22,405.00	16,405.00
Parks and Recreation	74,400.00	66,900.00
Utility Expense and Bulk Purchases	478,990.00	449,500.00
Landfill/Solid Waste Disposal	463,352.00	441,288.00
Contingent	2,000.00	2,000.00
Municipal Court	310,385.00	390,550.00
Statutory Expenditures	1,247,707.00	646,109.00

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
Excluded from "CAPS":		
Library	\$ 401,710.00	\$ 392,605.00
Insurance and Pensions	313,550.00	604,925.00
Landfill/Solid Waste Disposal	99,768.00	99,768.00
Due to Local and Regional School Districts -		
Business Personal Property Adjustment	105,746.00	106,629.00
Interlocal Service Agreements	188,000.00	175,000.00
State and Federal Grants	384,569.66	384,507.79
Capital Improvements	112,500.00	35,000.00
Municipal Debt Service	1,406,979.75	1,280,129.00
Reserve for Uncollected Taxes	725,810.24	752,702.03
County Taxes	3,236,014.74	3,044,865.69
Due to County for Added and Omitted Taxes	3,190.10	4,433.24
Regional High School and Local District School		
Taxes	12,798,154.84	12,669,996.27
Special District Taxes	245,000.00	245,000.00
Due to County for Added and Omitted		
Taxes - Prior Years	825.40	499.66
Refund of Prior Year Revenue	8,025.21	
Prior Year Senior Citizen Deductions		
Disallowed by Collector	<u>3,250.00</u>	<u>2,500.00</u>
 Total Expenditures	 <u>\$ 31,130,538.94</u>	 <u>\$ 30,072,787.68</u>
 Statutory Excess to Fund Balance	 \$ 1,212,410.01	 \$ 1,475,682.02
 Fund Balance, January 1	 <u>1,623,936.23</u>	 <u>1,523,254.21</u>
	 \$ 2,836,346.24	 \$ 2,998,936.23
 Decreased by:		
Utilized as Anticipated Revenue	<u>1,536,617.00</u>	<u>1,375,000.00</u>
 Fund Balance, December 31	 <u>\$ 1,299,729.24</u>	 <u>\$ 1,623,936.23</u>

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 1,536,617.00		\$ 1,536,617.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 20,000.00		\$ 23,252.00	\$ 3,252.00
Other	40,000.00		50,805.08	10,805.08
Fees and Permits:				
Other	285,619.99		294,288.00	8,668.01
Construction Code Official Fees	145,000.00		178,921.00	33,921.00
Fines and Costs:				
Municipal Court	405,036.00		364,148.72	(40,887.28)
Interest and Costs on Taxes	71,500.00		104,829.08	33,329.08
Parking Meters	12,000.00		15,101.74	3,101.74
	<u>\$ 979,155.99</u>		<u>\$ 1,031,345.62</u>	<u>\$ 52,189.63</u>
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	\$ 283,357.00		\$ 283,357.00	
Energy Receipts Tax	967,559.00		967,559.00	
	<u>\$ 1,250,916.00</u>		<u>\$ 1,250,916.00</u>	
Special Items of Revenue Offset with Appropriations:				
State of New Jersey:				
Safe and Secure Communities Program	\$ 50,320.00		\$ 50,320.00	
Highway Safety Grant		\$ 6,116.76	6,116.76	
Bullet Proof Vest Program	2,700.00		2,700.00	
Recycling Tonnage Grant	10,964.00		10,964.00	
United States Department of Justice:				
Click It or Ticket Program	4,000.00		4,000.00	
Body Armor Replacement Fund	2,944.26		2,944.26	
HDSRF-Public Entity Grant Program	45,025.00		45,025.00	
Contribution from Private Sources:				
Police Department	500.00		500.00	
Police Department - Youth Academy	1,450.00		1,450.00	
Library-George Foreman Antitrust		443.34	443.34	
	<u>\$ 117,903.26</u>	<u>\$ 6,560.10</u>	<u>\$ 124,463.36</u>	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue with Prior Consent of the Director:				
Uniform Fire Safety Act	\$ 19,000.00		\$ 30,205.78	\$ 11,205.78
Utility Operating Surplus	640,000.00		640,000.00	
Reserve for Payment of Bonds	200,000.00		200,000.00	
Reserve for Payment of Notes	75,000.00		75,000.00	
General Capital Fund Balance	15,000.00		15,000.00	
Reserve for Sale of Municipal Assets	50,000.00		50,000.00	
Payment in Lieu of Taxes:				
Senior Citizen Housing	217,000.00		220,500.00	3,500.00
Mechanic Street Urban Renewal Project	90,000.00		99,269.04	9,269.04
Rug Mill Families and Seniors Redevelopment	120,000.00		126,100.00	6,100.00
Cable Television Franchise Fees	105,992.00		106,776.09	784.09
	<u>\$ 1,531,992.00</u>		<u>\$ 1,562,850.91</u>	<u>\$ 30,858.91</u>
Receipts from Delinquent Taxes	<u>\$ 550,000.00</u>		<u>\$ 572,124.53</u>	<u>\$ 22,124.53</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 8,461,225.55		\$ 8,513,840.48	\$ 52,614.93
Minimum Library Tax	401,710.00		401,710.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>\$ 8,862,935.55</u>	<u>\$</u>	<u>\$ 8,915,550.48</u>	<u>\$ 52,614.93</u>
Budget Totals	\$ 14,829,519.80	\$ 6,560.10	\$ 14,993,867.90	\$ 157,788.00
Non-Budget Revenue			<u>270,460.97</u>	<u>270,460.97</u>
	<u>\$ 14,829,519.80</u>	<u>\$ 6,560.10</u>	<u>\$ 15,264,328.87</u>	<u>\$ 428,248.97</u>
Analysis of Realized Revenues:				
Allocation of Current Tax Collection:				
Revenue from Collections			\$ 24,582,099.92	
Allocated to:				
Local District School Tax		\$ 8,726,024.00		
Regional High School Tax		4,072,130.84		
County Taxes		3,239,204.84		
Special Improvement District Tax		<u>245,000.00</u>		
			<u>16,282,359.68</u>	
Balance for Support of Municipal Budget			\$ 8,299,740.24	
Add: Appropriation "Reserve for Uncollected Taxes"			725,810.24	
Less: Reserve for State Tax Appeals			<u>(110,000.00)</u>	
Amount for Support of Municipal Budget Appropriations			<u>\$ 8,915,550.48</u>	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>GENERAL GOVERNMENT</u>						
Office of Business Administrator:						
Salaries and Wages	\$ 128,000.00	\$ 128,000.00	\$ 126,633.04		\$ 1,366.96	
Other Expenses	27,650.00	27,650.00	11,483.14	\$ 7,659.53	8,507.33	
Mayor and Council:						
Salaries and Wages	52,850.00	52,850.00	51,811.00		1,039.00	
Other Expenses	5,000.00	5,000.00	3,770.97	1,189.03	40.00	
Administrative and Executive (Clerk's Office):						
Salaries and Wages	89,250.00	89,250.00	88,708.81		541.19	
Other Expenses	26,850.00	26,850.00	13,495.65	5,013.88	8,340.47	
Financial Administration:						
Salaries and Wages	113,255.00	113,255.00	112,625.77		629.23	
Other Expenses	38,200.00	38,200.00	16,763.40	5,604.46	15,832.14	
Audit Services	19,200.00	19,200.00		18,575.00	625.00	
Collection of Taxes:						
Salaries and Wages	92,500.00	92,500.00	91,832.07		667.93	
Other Expenses	8,150.00	8,150.00	3,564.15	2,223.00	2,362.85	
Assessment of Taxes:						
Salaries and Wages	58,420.00	58,420.00	58,137.90		282.10	
Other Expenses	8,300.00	23,300.00	6,992.89	582.80	15,724.31	
Legal Services and Costs:						
Other Expenses	128,500.00	117,300.00	94,911.68		22,388.32	
Engineering Services and Costs:						
Other Expenses	36,000.00	36,900.00	35,642.89	184.74	1,072.37	
<u>LAND USE ADMINISTRATION</u>						
Planning Board:						
Salaries and Wages	47,036.00	47,036.00	46,129.87		906.13	
Other Expenses	12,550.00	12,550.00	6,090.17	814.30	5,645.53	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>CODE ENFORCEMENT</u>						
Code Enforcement Officer:						
Salaries and Wages	\$ 183,690.00	\$ 183,690.00	\$ 181,264.25		\$ 2,425.75	
Other Expenses	20,000.00	20,000.00	10,581.72	\$ 3,343.00	6,075.28	
<u>INSURANCE</u>						
Other Insurance Premiums	185,625.00	185,625.00	131,237.91	46,007.40	8,379.69	
Worker Compensation Insurance	165,000.00	165,000.00	154,427.46		10,572.54	
Group Insurance Plan for Employees	1,556,700.00	1,511,500.00	1,403,108.04	579.00	107,812.96	
Payment in Lieu of Group Insurance Plan	7,500.00	13,000.00	12,631.98		368.02	
<u>PUBLIC SAFETY</u>						
Police:						
Salaries and Wages	3,418,755.00	3,410,255.00	3,146,009.12		264,245.88	
Other Expenses	139,900.00	139,900.00	50,202.88	53,415.45	36,281.67	
Police Dispatch:						
Salaries and Wages	289,300.00	289,300.00	234,688.08		54,611.92	
Other Expenses	2,400.00	2,400.00	443.12		1,956.88	
Aid to Volunteer Fire Companies	9,000.00	9,000.00	9,000.00			
First Aid Organization Contribution (R.S. 40:5-2)	14,000.00	22,500.00	14,000.00	8,500.00		
Fire:						
Salaries and Wages	6,600.00	6,600.00	6,428.00		172.00	
Other Expenses	142,500.00	142,500.00	119,013.29	19,183.56	4,303.15	
Bureau of Uniform Fire Safety:						
Fire Prevention:						
Salaries and Wages	40,588.00	40,588.00	37,821.45		2,766.55	
Other Expenses	3,800.00	3,800.00	2,519.81	654.98	625.21	
Fire:						
Other Expenses:						
O.S.H.A. Equipment and Clothing	5,250.00	5,250.00	5,250.00			
Municipal Prosecutor:						
Salaries and Wages	47,825.00	47,825.00	47,591.77		233.23	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PUBLIC WORKS</u>						
Road Repair and Maintenance:						
Salaries and Wages	\$ 457,665.00	\$ 457,665.00	\$ 439,132.94		\$ 18,532.06	
Other Expenses	80,000.00	80,000.00	42,805.55	\$ 4,744.89	32,449.56	
Public Parking Lots:						
Other Expenses	15,000.00	15,000.00	14,632.65	365.81	1.54	
Shade Tree Commission:						
Other Expenses	53,700.00	53,700.00	38,044.12	8,117.75	7,538.13	
Refuse Collection:						
Salaries and Wages	15,902.00	15,902.00	2,361.75		13,540.25	
Other Expenses	365,500.00	365,500.00	305,102.73	29,166.67	31,230.60	
Public Buildings and Grounds:						
Other Expenses	162,250.00	162,250.00	140,721.76	4,994.20	16,534.04	
Vehicle Maintenance:						
Other Expenses	20,000.00	20,000.00	15,607.03	2,110.35	2,282.62	
Condo Reimbursement (Ch. 299 P.L. 1988)	83,130.00	83,130.00	69,167.84		13,962.16	
<u>HEALTH AND HUMAN SERVICES</u>						
Board of Health:						
Salaries and Wages	9,200.00	9,200.00	8,875.24		324.76	
Other Expenses	4,705.00	4,705.00	379.81	480.00	3,845.19	
Court Street School Educational Community Center, Inc.:						
Other Expenses - Contractual	5,000.00	8,500.00	5,000.00	3,500.00		

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PARKS AND RECREATION</u>						
Recreation Services and Programs:						
Salaries and Wages	\$ 3,300.00	\$ 3,300.00	\$ 3,000.16		\$ 299.84	
Other Expenses	53,000.00	60,500.00	32,175.00	\$ 7,550.00	20,775.00	
Maintenance of Parks:						
Other Expenses	8,000.00	8,000.00	7,040.94		959.06	
Senior Citizens Program:						
Other Expenses	2,600.00	2,600.00	2,266.27	200.00	133.73	
<u>OTHER COMMON OPERATING FUNCTIONS</u>						
Celebration of Public Events, Anniversary or Holiday:						
Other Expenses	5,000.00	5,000.00	698.05		4,301.95	
Contribution to Accumulated Absences Fund	10,000.00	10,000.00			10,000.00	
Community Information Committee:						
Other Expenses	1,500.00	1,500.00			1,500.00	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Electricity	85,000.00	85,000.00	71,644.06	2,772.72	10,583.22	
Street Lighting	188,490.00	176,490.00	157,038.81	17,273.64	2,177.55	
Telephone	38,500.00	38,500.00	34,866.27	3,453.36	180.37	
Natural Gas	23,000.00	23,000.00	13,157.89	1,962.93	7,879.18	
Gasoline	120,000.00	156,000.00	136,754.00	500.00	18,746.00	
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Other Expenses	463,352.00	463,352.00	370,208.22	46,906.59	46,237.19	
<u>MUNICIPAL COURT</u>						
Salaries and Wages	269,285.00	269,285.00	225,317.17		43,967.83	
Other Expenses	41,100.00	41,100.00	18,995.05	5,346.11	16,758.84	

**BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u>						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Uniform Construction Code - Appropriations Offset by Dedicated Revenues:						
State Uniform Construction Code:						
Salaries and Wages	\$ 127,665.00	\$ 127,665.00	\$ 126,671.38		\$ 993.62	
Other Expenses	5,750.00	5,750.00	1,869.58	\$ 1,729.43	2,150.99	
	<u>9,847,738.00</u>	<u>9,847,738.00</u>	<u>8,618,346.55</u>	<u>314,704.58</u>	<u>914,686.87</u>	
Total Operations within "CAPS"	\$ 9,847,738.00	\$ 9,847,738.00	\$ 8,618,346.55	\$ 314,704.58	\$ 914,686.87	
<u>CONTINGENT</u>						
	<u>2,000.00</u>	<u>2,000.00</u>	<u>722.73</u>		<u>1,277.27</u>	
Total Operations Including Contingent - within "CAPS"	\$ <u>9,849,738.00</u>	\$ <u>9,849,738.00</u>	\$ <u>8,619,069.28</u>	\$ <u>314,704.58</u>	\$ <u>915,964.14</u>	
Detail:						
Salaries and Wages	\$ 5,451,086.00	\$ 5,442,586.00	\$ 5,035,039.77		\$ 407,546.23	
Other Expenses (Including Contingent)	4,398,652.00	4,407,152.00	3,584,029.51	\$ 314,704.58	508,417.91	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 193,258.00	\$ 193,258.00	\$ 193,258.00			
Social Security System (O.A.S.I.)	237,000.00	237,000.00	205,737.37		\$ 31,262.63	
Police and Firemen's Retirement System of N.J.	797,948.00	797,948.00	797,948.00			
Unemployment Compensation Insurance	19,000.00	19,000.00	19,000.00			
Defined Contribution Retirement Plan	501.00	501.00	500.82		0.18	
	<u>1,247,707.00</u>	<u>1,247,707.00</u>	<u>1,216,444.19</u>		<u>31,262.81</u>	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	\$ <u>1,247,707.00</u>	\$ <u>1,247,707.00</u>	\$ <u>1,216,444.19</u>		\$ <u>31,262.81</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	\$ <u>11,097,445.00</u>	\$ <u>11,097,445.00</u>	\$ <u>9,835,513.47</u>	\$ <u>314,704.58</u>	\$ <u>947,226.95</u>	

**BOROUGH OF FREEHOLD
 CURRENT FUND
 STATEMENT OF EXPENDITURES - STATUTORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>						
Other Operations Excluded from "CAPS":						
Maintenance of Free Public Library:						
Salaries and Wages	\$ 193,810.00	\$ 193,810.00	\$ 169,609.42		\$ 24,200.58	
Other Expenses	207,900.00	207,900.00	153,689.72	\$ 6,704.19	47,506.09	
Business Personal Property Adjustment:						
Due to Local School District	71,861.00	71,861.00	71,861.00			
Due to Regional School District	33,885.00	33,885.00	33,885.00			
Insurance:						
Group Insurance Plan for Employees	177,800.00	177,800.00	177,800.00			
Emergency Services Volunteer Length of Service Award Program (LOSAP):						
Fire Department	120,750.00	120,750.00		120,750.00		
First Aid Organization	15,000.00	15,000.00		15,000.00		
Landfill/Solid Waste Disposal Costs:						
Other Expenses	15,768.00	15,768.00	15,768.00			
Landfill/Solid Waste Disposal Costs - Reimbursement for Multi-Family Dwellings NJSA 40A:4-45.3kk:						
Other Expenses	<u>84,000.00</u>	<u>84,000.00</u>	<u>77,430.62</u>		<u>6,569.38</u>	
Total Other Operations - Excluded from "CAPS"	<u>\$ 920,774.00</u>	<u>\$ 920,774.00</u>	<u>\$ 700,043.76</u>	<u>\$ 142,454.19</u>	<u>\$ 78,276.05</u>	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
Interlocal Municipal Service Agreements:						
Health Services - Freehold Township	\$ 75,000.00	\$ 75,000.00	\$ 69,636.00		\$ 5,364.00	
Animal Control - Manalapan Township	20,000.00	20,000.00	17,532.00		2,468.00	
911 Services - County of Monmouth	45,000.00	45,000.00	45,000.00			
Vehicle Maintenance	<u>48,000.00</u>	<u>48,000.00</u>	<u>35,782.98</u>	<u>\$ 2,557.46</u>	<u>9,659.56</u>	
 Total Interlocal Municipal Service Agreements	 <u>\$ 188,000.00</u>	 <u>\$ 188,000.00</u>	 <u>\$ 167,950.98</u>	 <u>\$ 2,557.46</u>	 <u>\$ 17,491.56</u>	
 Public and Private Programs Offset by Revenues:						
State of New Jersey:						
Recycling Tonnage Grant:						
Salaries and Wages	\$ 10,964.00	\$ 10,964.00	\$ 10,964.00			
State of New Jersey:						
Safe and Secure Program:						
Police:						
Grant Portion:						
Salaries and Wages	50,320.00	50,320.00	50,320.00			
Matching Portion:						
Salaries and Wages	160,560.00	160,560.00	160,560.00			
Other Expenses	99,546.30	99,546.30	99,546.30			
State of New Jersey:						
Bulletproof Vest Program:						
Other Expenses	2,700.00	2,700.00	2,700.00			
New Jersey Economic Development Authority -						
Hazardous Discharge Site:						
Other Expenses	45,025.00	45,025.00	45,025.00			

**BOROUGH OF FREEHOLD
 CURRENT FUND
 STATEMENT OF EXPENDITURES - STATUTORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATIONS EXCLUDED FROM "CAPS" (CONTINUED):</u>						
Public and Private Programs Offset by Revenues (Continued):						
New Jersey State Library:						
Other Expenses		\$ 443.34	\$ 443.34			
Contribution from Private Sources:						
Other Expenses:						
Police Department	\$ 500.00	500.00	500.00			
Salaries and Wages:						
Police Department - Youth Police Academy	1,450.00	1,450.00	1,450.00			
State of New Jersey:						
Highway Safety Grant:						
Other Expenses		6,116.76	6,116.76			
U.S. Department of Justice:						
Click It or Ticket Program:						
Police:						
Salaries and Wages	4,000.00	4,000.00	4,000.00			
State of New Jersey:						
Body Armor Replacement Fund:						
Police:						
Other Expenses	<u>2,944.26</u>	<u>2,944.26</u>	<u>2,944.26</u>			
Total Public and Private Programs Offset by Revenues						
	\$ <u>378,009.56</u>	\$ <u>384,569.66</u>	\$ <u>384,569.66</u>			
Total Operations - Excluded from "CAPS"						
	\$ <u>1,486,783.56</u>	\$ <u>1,493,343.66</u>	\$ <u>1,252,564.40</u>	\$ <u>145,011.65</u>	\$ <u>95,767.61</u>	
Detail:						
Salaries and Wages	\$ 421,104.00	\$ 421,104.00	\$ 396,903.42		\$ 24,200.58	
Other Expenses	1,065,679.56	1,072,239.66	855,660.98	\$ 145,011.65	71,567.03	

**BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 112,500.00	\$ 112,500.00	\$ 112,500.00			
Total Capital Improvements Excluded from "CAPS"	\$ 112,500.00	\$ 112,500.00	\$ 112,500.00			
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 1,012,000.00	\$ 1,012,000.00	\$ 1,012,000.00			
Payment of Bond Anticipation Notes and Capital Notes	90,000.00	90,000.00	90,000.00			
Interest on Bonds	271,471.00	271,471.00	271,471.00			
Interest on Notes	33,510.00	33,510.00	33,508.75			\$ 1.25
Total Municipal Debt Service - Excluded from "CAPS"	\$ 1,406,981.00	\$ 1,406,981.00	\$ 1,406,979.75			\$ 1.25
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 3,006,264.56	\$ 3,012,824.66	\$ 2,772,044.15	\$ 145,011.65	\$ 95,767.61	\$ 1.25
Total General Appropriations - Excluded from "CAPS"	\$ 3,006,264.56	\$ 3,012,824.66	\$ 2,772,044.15	\$ 145,011.65	\$ 95,767.61	\$ 1.25
Subtotal General Appropriations	\$ 14,103,709.56	\$ 14,110,269.66	\$ 12,607,557.62	\$ 459,716.23	\$ 1,042,994.56	\$ 1.25
<u>RESERVE FOR UNCOLLECTED TAXES</u>	<u>725,810.24</u>	<u>725,810.24</u>	<u>725,810.24</u>			
Total General Appropriations	\$ <u>14,829,519.80</u>	\$ <u>14,836,079.90</u>	\$ <u>13,333,367.86</u>	\$ <u>459,716.23</u>	\$ <u>1,042,994.56</u>	\$ <u>1.25</u>
Detail:						
Adopted Budget		\$ 14,829,519.80				
Added by N.J.S.A. 40A:4-87		<u>6,560.10</u>				
		<u>\$ 14,836,079.90</u>				

BOROUGH OF FREEHOLD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Tax Levy	Added Taxes	Collections		State Share Senior Citizens' and Veterans' Deductions Allowed	Remitted and Canceled	Transfer to Tax Title Liens	Balance
	December 31, 2010			2010	2011				December 31, 2011
2010	\$ 561,462.57		\$ 9,867.72		\$ 567,452.05				\$ 3,878.24
	\$ 561,462.57		\$ 9,867.72		\$ 567,452.05				\$ 3,878.24
2011		\$ 25,153,268.64	24,862.40	\$ 148,418.23	24,346,326.13	\$ 87,355.56	\$ 65,467.17	\$ 5,350.18	525,213.77
	\$ 561,462.57	\$ 25,153,268.64	\$ 34,730.12	\$ 148,418.23	\$ 24,913,778.18	\$ 87,355.56	\$ 65,467.17	\$ 5,350.18	\$ 529,092.01

BOROUGH OF FREEHOLD

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

ANALYSIS OF 2011 PROPERTY TAX LEVY

Tax Yield:

General Purpose Tax		\$ 24,908,268.64
Added Taxes (54:4-63.1 et. seq.)		24,862.40
Special Improvement District		<u>245,000.00</u>
		<u>\$ 25,178,131.04</u>

TAX LEVY

Local District School Tax		\$ 8,726,024.00
Regional High School Tax		4,072,130.84
County Taxes:		
County Tax	\$ 3,052,568.37	
County Open Space Fund	183,446.37	
Due County for Added Taxes	<u>3,190.10</u>	
Total County Taxes		3,239,204.84
Special Improvement District		245,000.00
Local Tax for Municipal Purpose	\$ 8,461,225.55	
Minimum Library Tax	401,710.00	
Add: Additional Tax Levied	<u>32,835.81</u>	
Local Tax for Municipal Purposes Levied		<u>8,895,771.36</u>
		<u>\$ 25,178,131.04</u>

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF TAX TITLE LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 25,187.62
<u>INCREASED BY</u>	
Transfers from Taxes Receivable	<u>5,350.18</u>
	\$ 30,537.80
<u>DECREASED BY</u>	
Collections	<u>4,672.48</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 25,865.32</u>

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance		Balance after Transfers	Paid or Charged	Balance Lapsed
	December 31, 2010				
	<u>Appropriation Reserves</u>	<u>Encumbered</u>			
Salaries and Wages:					
Operations - Within "CAPS":					
Police Dispatch	\$ 48,329.76		\$ 48,329.76	\$ 1,387.75	46,942.01
All Other Accounts	103,494.19		103,494.19		103,494.19
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
All Other Accounts	<u>57.29</u>		<u>57.29</u>		<u>57.29</u>
Total Salaries and Wages	<u>\$ 151,881.24</u>		<u>\$ 151,881.24</u>	<u>1,387.75</u>	<u>\$ 150,493.49</u>
Other Expenses:					
Operations - Within "CAPS":					
Office of Business Administrator	\$ 12,312.81	\$ 30,068.50	\$ 42,381.31	\$ 7,527.63	\$ 34,853.68
Mayor and Council	247.37	877.14	1,124.51	1,043.39	81.12
Administrative and Executive	11,858.15	1,959.34	13,817.49	2,970.02	10,847.47
Financial Administration	15,036.62	5,123.99	20,160.61	7,187.56	12,973.05
Audit Services		19,200.00	19,200.00	18,200.00	1,000.00
Collection of Taxes	296.62	2,256.00	2,552.62	2,285.57	267.05
Assessment of Taxes	2,918.41	752.80	3,671.21	782.37	2,888.84
Legal Services and Costs	14,400.10	150.00	14,550.10	3,069.00	11,481.10
Engineering Services and Costs	17,494.51	3,329.01	20,823.52	3,391.10	17,432.42
Planning Board	3,198.90	850.00	4,048.90	1,115.57	2,933.33
Code Enforcement Officer	8,976.72	1,139.24	10,115.96	1,372.81	8,743.15
Insurance:					
Other Insurance Premiums	23,436.51		43,436.51	41,007.40	2,429.11
Group Insurance Plan for Employees	87,003.60	6,091.80	73,095.40	6,441.73	66,653.67
Police	32,293.28	43,396.05	75,689.33	44,934.78	30,754.55
Police Dispatch	257.55	792.57	1,050.12	792.57	257.55
Fire	5,333.53	18,605.87	23,939.40	20,811.00	3,128.40
Bureau of Uniform Fire Safety:					
Fire Prevention	1,247.69	850.00	2,097.69	560.02	1,537.67
Fire:					
Other Expenses:					
O.S.H.A. Equipment and Clothing	29.00	5,221.00	5,250.00	5,221.00	29.00

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance		Balance after Transfers	Paid or Charged	Balance Lapsed
	December 31, 2010				
	<u>Appropriation Reserves</u>	<u>Encumbered</u>			
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Road Repair and Maintenance	\$ 13,280.09	\$ 15,179.40	\$ 28,459.49	\$ 12,216.18	\$ 16,243.31
Public Parking Lots	5.73	3,000.00	3,005.73	3,000.00	5.73
Refuse Collection	26,499.96	29,166.67	55,666.63	29,166.67	26,499.96
Shade Tree Commission	5,673.59	54,051.12	59,724.71	40,356.12	19,368.59
Public Buildings and Grounds	7,820.16	3,101.73	10,921.89	4,185.93	6,735.96
Vehicle Maintenance	2,777.38	2,364.91	5,142.29	2,157.28	2,985.01
Board of Health	1,815.05	250.00	2,065.05	250.00	1,815.05
Recreation Services and Programs	21,000.00		21,000.00	20,000.00	1,000.00
Senior Citizens Program	1,908.22	200.00	2,108.22	2,000.00	108.22
Electricity	1,668.92	8,842.14	10,511.06	8,842.14	1,668.92
Street Lighting	13,333.55	1,619.77	14,953.32	4,547.17	10,406.15
Telephone	5,632.00	2,454.57	8,086.57	2,454.57	5,632.00
Natural Gas	7,793.04	3,344.11	11,137.15	3,344.11	7,793.04
Gasoline	13,893.36	13,605.84	27,499.20	13,605.84	13,893.36
Landfill/Solid Waste Disposal Costs	67,532.32	43,464.42	110,996.74	43,464.42	67,532.32
Municipal Court	37,419.13	2,364.60	39,783.73	2,734.18	37,049.55
State Uniform Construction Code	2,805.34	658.48	3,463.82	688.05	2,775.77
Contingent	1,290.14	650.00	1,940.14	650.00	1,290.14
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	19,597.32		19,597.32	602.11	18,995.21
Unemployment Compensation Insurance	7,024.25		7,024.25	415.84	6,608.41
All Other Accounts	19,410.98	118.75	19,529.73		19,529.73
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	54,890.38	1,963.86	56,854.24	1,963.86	54,890.38

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance December 31, 2010		Balance after Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Encumbered			
Other Expenses (Continued):					
Operations - Excluded from "CAPS" (Continued):					
Emergency Services Volunteer Length of Service Award Program (LOSAP):					
Fire Department		\$ 120,750.00	\$ 120,750.00	\$ 100,050.00	\$ 20,700.00
First Aid Squad		15,000.00	15,000.00	6,440.00	8,560.00
Reimbursement Multi-Family Dwellings	26,904.78		26,904.78		26,904.78
Interlocal Municipal Service Agreements:					
911 Services - County of Monmouth	1,856.73		1,856.73		1,856.73
Health Services - Freehold Township	5,233.00		5,233.00		5,233.00
Vehicle Maintenance	7,730.22	3,070.53	10,800.75	6,927.17	3,873.58
All Other Accounts	<u>33,994.51</u>		<u>33,994.51</u>		<u>33,994.51</u>
Total Other Expenses	<u>\$ 611,137.01</u>	<u>\$ 465,884.21</u>	<u>\$ 1,077,021.22</u>	<u>\$ 478,775.16</u>	<u>\$ 598,246.06</u>
	<u>\$ 763,018.25</u>	<u>\$ 465,884.21</u>	<u>\$ 1,228,902.46</u>	<u>\$ 480,162.91</u>	<u>\$ 748,739.55</u>
Detail:					
Reserve for Encumbrances				\$ 9,290.72	
Cash Disbursed				<u>470,872.19</u>	
				<u>\$ 480,162.91</u>	

**BOROUGH OF FREEHOLD
 CURRENT FUND
 STATEMENT OF STATE AND FEDERAL GRANTS RECEIVABLE**

Grant	Balance December 31, 2010	2011 Budget Revenue Realized		Received	Unappropriated Reserve Realized as Revenue	Canceled	Balance December 31, 2011
		Original Budget	40A:4-87				
State:							
Safe and Secure Communities Grant:							
2010	\$ 60,000.00			\$ 60,000.00			
2011		\$ 50,320.00					\$ 50,320.00
Recycling Tonnage Grant		10,964.00			\$ 10,964.00		
State of New Jersey:							
PARIS Grant - 2009	7,748.75			7,748.75			
Community Stewardship Incentive Program:							
Tree Removal	3,750.00						3,750.00
Tree Planting	10,364.00			10,364.00			
Department of Transportation:							
Highway Safety Grant			\$ 6,116.76				6,116.76
State of New Jersey - Forest Service:							
2009 Business Stimulus Fund	7,000.00						7,000.00
NJ Economic Development Authority -							
Hazardous Discharge Site		45,025.00		4,512.00			40,513.00
NJ Board of Public Utilities -							
Clean Energy Program	12,327.75			12,327.75			
NJ State Library			443.34	443.34			
Body Armor Replacement Fund		2,944.26			2,944.26		
Total State Grants	\$ 101,190.50	\$ 109,253.26	\$ 6,560.10	\$ 95,395.84	\$ 13,908.26		\$ 107,699.76

**BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF STATE AND FEDERAL GRANTS RECEIVABLE**

Grant	Balance December 31, 2010	2011 Budget Revenue Realized		Received	Unappropriated Reserve Realized as Revenue	Canceled	Balance December 31, 2011
		Original Budget	40A:4-87				
Federal:							
FEMA-Department of Homeland Security:							
Assistance to Firefighters	\$ 62,145.00			\$ 62,145.00			
Ed Byrne Justice Assistance Grant	21,041.99			17,289.84		\$ 2,888.60	\$ 863.55
Click It or Ticket Program		\$ 4,000.00		4,000.00			
Bulletproof Vest Program		2,700.00			\$ 2,700.00		
Total Federal Grants	\$ 83,186.99	\$ 6,700.00		\$ 83,434.84	\$ 2,700.00	\$ 2,888.60	\$ 863.55
Local:							
Contributions from Private Sources:							
Police Department		\$ 500.00			\$ 500.00		
Police - Youth Program		1,450.00		\$ 700.00	750.00		
Monmouth County Historical Commission:							
Historical Preservation Grant - Library	\$ 4,750.00						\$ 4,750.00
Total Local Grants	\$ 4,750.00	\$ 1,950.00		\$ 700.00	1,250.00		\$ 4,750.00
Total Grants	\$ 189,127.49	\$ 117,903.26	\$ 6,560.10	\$ 179,530.68	\$ 17,858.26	\$ 2,888.60	\$ 113,313.31

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance December 31, 2010	Transferred from 2011 Budget Appropriations		Paid or Charged	Appropriated Reserve Cancelled	Balance December 31, 2011
		Original Budget	40A:4-87			
State:						
Safe and Secure Communities Program:						
Match - 2009	\$ 0.01			\$ 0.01		
Grant - 2011		\$ 50,320.00		50,320.00		
Match - 2011		260,106.30		254,234.97		\$ 5,871.33
Municipal Court Alcohol Education and Rehabilitation Fund:						
Grant - 2007	1,978.44			1,168.45		809.99
Grant - 2008	31.55			31.55		
Drunk Driving Enforcement Fund:						
Grant - 2008	6,458.42			3,575.98		2,882.44
Clean Communities Program:						
Grant - 2007	9,050.04			8,480.00		570.04
Grant - 2008	12,983.56					12,983.56
Recycling Tonnage Grant:						
Grant - 2006	2,820.45			2,820.45		
Grant - 2009		10,964.00		10,964.00		
NJ State Library Grant			\$ 443.34	443.34		
State of New Jersey:						
Highway Safety Grant			6,116.76	6,104.29		12.47
Body Armor Replacement Fund:						
Grant - 2011		2,944.26		2,760.00		184.26

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance December 31, 2010	Transferred from 2011 Budget Appropriations		Paid or Charged	Appropriated Reserve Cancelled	Balance December 31, 2011
		Original Budget	40A:4-87			
State (Continued):						
Ed Byrne Justice Assistance Grant						
Public Archives & Records Infrastructure Support	\$ 2,549.32			\$ 2,549.32		
Community Stewardship Incentive Program:						
Master Plan	3,000.00			3,000.00		
Tree Planting	10,364.00			10,364.00		
State of New Jersey - NJ Forest Service:						
2009 Business Stimulus Fund (BSF)	7,000.00					\$ 7,000.00
NJ Economic Development Authority - Hazardous Discharge Site		\$ 45,025.00				45,025.00
Total State Grants	\$ 56,235.79	\$ 369,359.56	\$ 6,560.10	\$ 356,816.36	\$	\$ 75,339.09
Federal:						
Department of Justice:						
Bulletproof Vest Program:						
Grant - 2011		\$ 2,700.00		\$ 2,700.00		
Department of Homeland Security:						
Assistance to Firefighters						
Match - 2009	\$ 335.10					\$ 335.10
Ed Byrne Justice Assistance Grant	11,933.08			11,681.52		251.56
Click It or Ticket Program		4,000.00		4,000.00		
Total Federal Grants	\$ 12,268.18	\$ 6,700.00		\$ 18,381.52		\$ 586.66

**BOROUGH OF FREEHOLD
 CURRENT FUND
 STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED**

	Balance December 31, <u>2010</u>	Transferred from 2011 Budget Appropriations		Paid or Charged	Appropriated Reserve Cancelled	Balance December 31, <u>2011</u>
		<u>Original Budget</u>	<u>40A:4-87</u>			
Local:						
Contributions from Private Sources:						
Fire Department	\$ 500.00					\$ 500.00
Police Department	872.11					872.11
Police - Youth Program	475.00	\$ 1,450.00		\$ 1,925.00		
Library (Walmart)	675.68			675.68		
Bike Safety Program	685.34	500.00		685.34		500.00
Historic Preservation	176.00					176.00
Library (TD Bank)	119.35			119.35		
Library (Individual)	1,000.00			634.12		365.88
Monmouth County Historical Commission:						
Historical Preservation Grant - Library:						
Grant - 2003	3,000.00					3,000.00
Grant - 2004	<u>4,500.00</u>					<u>4,500.00</u>
 Total Local Grants	 \$ <u>12,003.48</u>	 \$ <u>1,950.00</u>		 \$ <u>4,039.49</u>		 \$ <u>9,913.99</u>
 Total All Grants	 \$ <u><u>80,507.45</u></u>	 \$ <u><u>378,009.56</u></u>	 \$ <u><u>6,560.10</u></u>	 \$ <u><u>379,237.37</u></u>	 \$ <u><u> </u></u>	 \$ <u><u>85,839.74</u></u>

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED

	<u>Balance</u> December 31, 2010	<u>Increased by</u> Cash Receipts by Current Fund	<u>Decreased by</u> Realized Revenue	<u>Balance</u> December 31, 2011
State:				
Municipal Court Alcohol Education and Rehabilitation Program	\$ 696.14	\$ 1,024.76		\$ 1,720.90
Drunk Driving Enforcement Fund	13,275.79	3,746.17		17,021.96
Recycling Tonnage Grant	22,700.64	18,699.27	\$ 10,964.00	30,435.91
Body Armor Replacement Fund	2,944.26	3,056.22	2,944.26	3,056.22
Clean Communities Program	<u>29,757.06</u>	<u>15,342.38</u>		<u>45,099.44</u>
Total State Grants	\$ <u>69,373.89</u>	\$ <u>41,868.80</u>	\$ <u>13,908.26</u>	\$ <u>97,334.43</u>
Federal:				
Bulletproof Vest Program	<u>\$ 2,700.00</u>		<u>\$ 2,700.00</u>	
Total Federal Grants	\$ <u>2,700.00</u>		\$ <u>2,700.00</u>	
Local:				
Comcast Technology	\$ 35,000.00			\$ 35,000.00
Private Sources - Police	<u>1,250.00</u>		<u>\$ 1,250.00</u>	
Total Local Grants	\$ <u>36,250.00</u>		\$ <u>1,250.00</u>	\$ <u>35,000.00</u>
Total Grants	\$ <u><u>108,323.89</u></u>	\$ <u><u>41,868.80</u></u>	\$ <u><u>17,858.26</u></u>	\$ <u><u>132,334.43</u></u>

TRUST FUNDS

BOROUGH OF FREEHOLD
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	(Unaudited) LOSAP Trust		Animal Control		Other	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
ASSETS						
Cash and Cash Equivalents			\$ 3,948.53	\$ 6,540.56	\$ 728,885.09	\$ 826,200.12
Investments	\$ 788,513.26	\$ 707,479.61	_____	_____	_____	_____
Total Assets	\$ <u>788,513.26</u>	\$ <u>707,479.61</u>	\$ <u>3,948.53</u>	\$ <u>6,540.56</u>	\$ <u>728,885.09</u>	\$ <u>826,200.12</u>
LIABILITIES AND RESERVES						
Other Liabilities and Reserves:						
Interfund Payable			\$ 1.88	\$ 58.51	\$ 9,419.94	\$ 16,200.19
Payroll Deductions Payable				2.40		
Due to State of New Jersey						
Reserve for New Jersey						
Unemployment Compensation						
Insurance					195,937.89	220,828.08
Reserves - Various			3,946.65	6,184.65	523,527.26	589,171.85
Reserve for Investment in LOSAP	\$ 788,513.26	\$ 707,479.61	_____	_____	_____	_____
Reserve for Encumbrances	_____	_____	_____	295.00	_____	_____
Total Liabilities and Reserves	\$ <u>788,513.26</u>	\$ <u>707,479.61</u>	\$ <u>3,948.53</u>	\$ <u>6,540.56</u>	\$ <u>728,885.09</u>	\$ <u>826,200.12</u>

BOROUGH OF FREEHOLD
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Payroll		Bond and Coupon		Totals	
	2011	2010	2011	2010	2011	2010
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 63,064.79	\$ 58,781.35	\$ 675.00	\$ 675.00	\$ 796,573.41	\$ 892,197.03
Investments	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>788,513.26</u>	<u>707,479.61</u>
Total Assets	<u>\$ 63,064.79</u>	<u>\$ 58,781.35</u>	<u>\$ 675.00</u>	<u>\$ 675.00</u>	<u>\$ 1,585,086.67</u>	<u>\$ 1,599,676.64</u>
<u>LIABILITIES AND RESERVES</u>						
Other Liabilities and Reserves:						
Interfund Payable	\$ 64.67	\$ 3,800.52			\$ 9,486.49	\$ 20,059.22
Payroll Deductions Payable	63,000.12	54,980.83			63,000.12	54,980.83
Due to State of New Jersey						2.40
Reserve for New Jersey						
Unemployment Compensation						
Insurance					195,937.89	220,828.08
Reserves - Various					527,473.91	595,356.50
Reserve for Investment in LOSAP					788,513.26	707,479.61
Reserve for Encumbrances	<u> </u>	<u> </u>	\$ 675.00	\$ 675.00	<u>675.00</u>	<u>970.00</u>
Total Liabilities and Reserves	<u>\$ 63,064.79</u>	<u>\$ 58,781.35</u>	<u>\$ 675.00</u>	<u>\$ 675.00</u>	<u>\$ 1,585,086.67</u>	<u>\$ 1,599,676.64</u>

BOROUGH OF FREEHOLD
TRUST FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

<u>BALANCE, DECEMBER 31, 2010</u>		\$	6,184.65
 <u>INCREASED BY</u>			
Dog License Fees Collected	\$		2,917.00
Cat License Fees Collected			392.00
Miscellaneous Dog License Receipts			730.00
			4,039.00
		\$	10,223.65
 <u>DECREASED BY</u>			
Expenditures Under R.S. 4:19-15.11			6,277.00
<u>BALANCE, DECEMBER 31, 2011</u>		\$	3,946.65
 Detail:			
Reserve for Dog Expenditures		\$	3,946.65
Reserve for Cat Expenditures			None
		\$	3,946.65

LICENSES AND PENALTY FEES COLLECTED

<u>Year</u>		
2009	\$	3,723.20
2010		3,470.10
		7,193.30
	\$	7,193.30

AUDITOR'S NOTE

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

BOROUGH OF FREEHOLD
TRUST OTHER FUND
STATEMENT OF VARIOUS RESERVES

	Balance	Cash Receipts		Disbursed	Balance
	December 31, 2010	Regular	Interest		December 31, 2011
Reserves for:					
Tax Sale Premium	\$ 151,100.00	\$ 13,700.00	\$ 72.74	\$ 56,772.74	\$ 108,100.00
Contractor Escrow Deposits	165,479.04	82,722.55	944.40	62,089.60	187,056.39
Redemption of Tax Title and Utility Liens	0.14	274,547.66		274,266.82	280.98
Street Opening Deposits	22,075.50	4,500.00		1,000.00	25,575.50
Parking Offenses Adjudication Act	2,498.53	642.00			3,140.53
Recreation Commission	23,142.52	23,564.45		13,032.94	33,674.03
Law Enforcement Trust	5,694.18	1,502.00		1,359.99	5,836.19
Elections	1,200.00	1,600.00		1,200.00	1,600.00
Outside Police Employment	12,748.00	83,845.50		82,733.00	13,860.50
Public Defender Fees	380.00	9,795.00		9,650.00	525.00
Accumulated Absences	68,966.51			20,000.00	48,966.51
Fire Prevention Penalties	4,936.56	2,875.00		1,060.50	6,751.06
Snow Removal	86,606.43			34,812.93	51,793.50
Celebration of Community Events	16,633.22	22,751.65		18,040.24	21,344.63
Contributions to Lake Topanemus	27,711.22	9,500.00		22,188.78	15,022.44
	<u>\$ 589,171.85</u>	<u>\$ 531,545.81</u>	<u>\$ 1,017.14</u>	<u>\$ 598,207.54</u>	<u>\$ 523,527.26</u>

BOROUGH OF FREEHOLD
TRUST OTHER FUND
STATEMENT OF RESERVE FOR NEW JERSEY UNEMPLOYMENT
COMPENSATION INSURANCE

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 220,828.08
<u>INCREASED BY</u>		
Employee Contributions	\$ 20,594.98	
Budget Appropriations Charged	24,415.85	
Reimbursements	11,181.15	
Interest Earned on Investments and Deposits	<u>173.03</u>	<u>56,365.01</u>
		\$ 277,193.09
<u>DECREASED BY</u>		
Unemployment Compensation Claims Paid		<u>81,255.20</u>
<u>BALANCE, DECEMBER 31, 2011</u>		<u><u>\$ 195,937.89</u></u>

BOROUGH OF FREEHOLD
LOSAP TRUST FUND
STATEMENT OF RESERVE FOR INVESTMENT IN LOSAP -
VOLUNTEER FIRE DEPARTMENT
(UNAUDITED)

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 553,135.12
 <u>INCREASED BY</u>		
Municipal Contribution	\$ 100,050.00	
Earnings on Investments	<u>3,416.33</u>	<u>103,466.33</u>
		\$ 656,601.45
 <u>DECREASED BY</u>		
Administrative Charges and Withdrawals		<u>38,540.21</u>
 <u>BALANCE, DECEMBER 31, 2011</u>		 <u>\$ 618,061.24</u>

BOROUGH OF FREEHOLD
LOSAP TRUST FUND
STATEMENT OF RESERVE FOR INVESTMENT IN LOSAP -
FREEHOLD FIRST AID & EMERGENCY SQUAD
(UNAUDITED)

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 154,344.49
 <u>INCREASED BY</u>		
Municipal Contributions		<u>18,400.00</u>
		\$ 172,744.49
 <u>DECREASED BY</u>		
Administrative Charges	\$ 1,125.00	
Loss on Investments	<u>1,167.47</u>	<u>2,292.47</u>
 <u>BALANCE, DECEMBER 31, 2011</u>		 <u>\$ 170,452.02</u>

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GENERAL CAPITAL FUND

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,589,948.96	\$ 4,371,727.98
Deferred Charges to Future Taxation:		
Funded	5,335,000.00	6,347,000.00
Unfunded	4,706,000.00	2,846,000.00
D.O.T. Grant Receivable	582,750.00	382,750.00
Mortgage Sales Receivable	269,227.26	274,966.35
Due from Federal Government		187,230.00
Miscellaneous Accounts Receivable	<u>11,245.30</u>	<u>20,475.65</u>
	<u>\$ 14,494,171.52</u>	<u>\$ 14,430,149.98</u>
<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>		
Serial Bonds	<u>\$ 5,335,000.00</u>	<u>\$ 6,347,000.00</u>
Bond Anticipation Notes	<u>\$ 3,455,300.00</u>	<u>\$ 2,680,700.00</u>
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 27,919.19	\$ 15,419.19
Reserve for Encumbrances	143,209.60	29,717.34
Contracts Payable/Retained Percentage	116,636.60	169,057.18
Reserve for Payment of Bonds	1,167,056.88	1,352,160.11
Reserve for Payment of Notes	799.75	75,799.75
Reserve for RCA Funds	636,513.28	634,776.08
Reserve for Mortgage Sales Receivable	237,095.26	242,834.35
Reserve for Miscellaneous Accounts Receivable	<u>11,245.30</u>	<u>20,475.65</u>
	<u>\$ 2,340,475.86</u>	<u>\$ 2,540,239.65</u>

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)</u>		
Improvement Authorizations:		
Funded	\$ 1,252,843.79	\$ 2,145,211.76
Unfunded	<u>1,925,974.27</u>	<u>538,567.41</u>
	<u>\$ 3,178,818.06</u>	<u>\$ 2,683,779.17</u>
Interfunds Payable	\$ <u>32,132.00</u>	\$ <u>32,132.00</u>
Fund Balance	\$ <u>152,445.60</u>	\$ <u>146,299.16</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 14,494,171.52</u>	<u>\$ 14,430,149.98</u>

There were Bonds and Notes Authorized and Not Issued of \$ 1,250,700.00 at December 31, 2011.

**BOROUGH OF FREEHOLD
 GENERAL CAPITAL FUND
 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2010	Receipts		Disbursements		Transfer		Balance December 31, 2011
		Bond Anticipation Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 146,299.16	\$ 21,146.44		\$ 15,000.00				\$ 152,445.60
Capital Improvement Fund	15,419.19	112,500.00			\$ 100,000.00			27,919.19
Contracts Payable/Retained Percentage	169,057.18			110,036.28	45,920.18	\$ 103,535.88		116,636.60
Due to/from Current Fund		21,242.44		21,242.44				
Reserve for Payment of Notes	75,799.75			75,000.00				799.75
Reserve for Regional Contribution Agreements	634,776.08	1,737.20						636,513.28
Reserve for Encumbrances	29,717.34			29,167.34	550.00	143,209.60		143,209.60
Due from Department of Transportation	(382,750.00)				200,000.00			(582,750.00)
Reserve for Payment of Bonds	1,352,160.11	14,896.77		200,000.00				1,167,056.88
Due from Federal Government	(187,230.00)	187,230.00						

Improvement Authorizations:

Ordinance Number	Description						
19-97/2-99/ 29-99	Creation, Development and Implementation of a Housing Rehabilitation Program (Marlboro)	60,732.50					60,732.50
2001/16, 2002/10, 2003/16	Creation, Development and Implementation of a Housing Rehabilitation Program (Howell)	12,907.25					12,907.25
2000/28	Improvements to Borough Hall and Fire Station	36,017.42	\$ 22,300.00				13,717.42
2002/6, 2003/20, 2004/13, 2005/8, 2006/31	Creation, Development and Implementation of a Housing Rehabilitation Program (Freehold Township II)	1,069,717.96		135,176.60	21,858.00	550.00	913,233.36
2002/21, 2005/17, 2006/38	Acquisition of a Fire Truck and Improvements to Firehouse	5,159.87					5,159.87
2005/30	Road Improvements and Resurfacing to Barkalow Avenue	7,132.03					7,132.03
2006/11	Improvements to Various Sidewalks, Curbing, Aprons and Storm Basins	13,182.74					13,182.74
2006/23	Acquisition of Vehicles and Equipment	35,593.17		13,532.11			22,061.06

**BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

Ordinance Number	Description	Balance December 31, 2010	Receipts		Disbursements		Transfer		Balance December 31, 2011
			Bond Anticipation Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
2007/3	Resurfacing of Monmouth Avenue and Ann Street	\$ 289,909.05			\$ 238,250.00				\$ 51,659.05
2007/10	Acquisition of Various Equipment and Vehicles	44,981.49							44,981.49
2007/17	Improvements to Borough Hall	38,063.56					\$ 38,063.56		
2008/7,2008/21, 2009/2	Various Road Improvements	128,769.56			6,660.53				122,109.03
2008/12	Various Municipal Improvements	5,393.34			36.08				5,357.26
2008/15	Various Road and Drainage Improvements on Douglas Road	9,995.93			108.24				9,887.69
2008/22	Improvements to Municipal Building	2,720.00							2,720.00
2009/10	Purchase, Design and Installation of Flashing School Beacons and Driver Feedback Signs	127,064.72			3,912.20		2,595.50		120,557.02
2010/3	Acquisition of Vehicles and Equipment	133,583.23			130,253.00		447.00		2,883.23
2010/4	Various Road and Sidewalk Improvements	463,365.96	165,300.00		566,356.72		20,826.50	45,920.18	87,402.92
2010/8	Acquisition of Vehicles and Equipment for the Fire Department	34,189.39			1,706.85		31,847.04		635.50
2011/2	Various Road and Sidewalk Improvements		599,300.00		406,433.48		84,113.88	240,000.00	348,752.64
2011/7	Acquisition of a New Ladder Truck, Equipment and Improvements to Fire Department		100,000.00		29,960.00		46,994.00	60,000.00	83,046.00
		<u>\$ 4,371,727.98</u>	<u>\$ 864,600.00</u>	<u>\$ 358,752.85</u>	<u>\$ 1,554,685.81</u>	<u>\$ 450,446.06</u>	<u>\$ 593,215.66</u>	<u>\$ 593,215.66</u>	<u>\$ 3,589,948.96</u>

Bracketed Amount Denotes Deficit.

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION, UNFUNDED

Ordinance Number	Improvement Description	Balance December 31, 2010	2011 Authorizations	Budget Appropriations	Balance December 31, 2011	Analysis of Balance December 31, 2011	
						Financed by Bond Anticipation Notes	Unfunded Improvement Authorizations
2008/7, 2008/21, 2009/2	Various Road Improvements	\$ 1,522,000.00		75,000.00	\$ 1,447,000.00	\$ 1,447,000.00	
2008/12	Various Municipal Improvements	71,250.00		3,750.00	67,500.00	67,500.00	
2008/15	Various Road and Drainage Improvments to Douglas Road	213,750.00		11,250.00	202,500.00	202,500.00	
2009/10	Purchase, Design and Installation of Flashing School Beacons and Driver Feedback Signs	15,200.00			15,200.00	15,200.00	
2010/3	Acquisition of Vehicles and Equipment	171,000.00			171,000.00	171,000.00	
2010/4	Various Road and Sidewalk Improvements	615,300.00			615,300.00	615,300.00	
2010/8	Acquisition of Vehicles and Equipment for the Fire Deparatment	237,500.00			237,500.00	237,500.00	
2011/2	Various Road and Sidewalk Improvements		\$ 760,000.00		760,000.00	599,300.00	\$ 160,700.00
2011/7	Acquisition of a New Ladder Truck, Equipment, and Improvements to Fire Department		1,190,000.00		1,190,000.00	100,000.00	1,090,000.00
		<u>\$ 2,846,000.00</u>	<u>\$ 1,950,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ 4,706,000.00</u>	<u>3,455,300.00</u>	<u>\$ 1,250,700.00</u>
Detail:							
Improvement Authorizations - Unfunded							\$ 1,925,974.27
Less: Excess Note Cash							<u>675,274.27</u>
							<u>\$ 1,250,700.00</u>

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF SERIAL BONDS

<u>Purpose</u>	<u>Date Of Issue</u>	<u>Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
General Bonds of 1995	12/1/1995	2,330,000.00	7/15/2012	185,000.00	5.45%	\$ 980,000.00	\$ 175,000.00	\$ 805,000.00
			7/15/2013	195,000.00	5.45%			
			7/15/2014	205,000.00	5.50%			
			7/15/2015	220,000.00	5.50%			
General Bonds of 1998	8/1/1998	2,377,000.00	8/1/2012	205,000.00	4.55%	592,000.00	205,000.00	387,000.00
			8/1/2013	182,000.00	4.55%			
General Bonds of 2002	8/1/2002	4,303,000.00	8/1/2012-13	360,000.00	4.00%	2,518,000.00	325,000.00	2,193,000.00
			8/1/2014-16	370,000.00	4.00%			
			8/1/2017	363,000.00	4.00%			
General Bonds of 2007	11/1/2007	3,007,000.00	11/1/2012	325,000.00	4.00%	2,257,000.00	307,000.00	1,950,000.00
			11/1/2013	350,000.00	4.00%			
			11/1/2014	400,000.00	4.00%			
			11/1/2015	425,000.00	4.00%			
			11/1/2016	450,000.00	4.00%			
						<u>\$ 6,347,000.00</u>	<u>\$ 1,012,000.00</u>	<u>\$ 5,335,000.00</u>

**BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2010	Increased	Decreased	Balance December 31, 2011
2008/7, 2008/21	Various Road Improvements	12/23/08	12/20/11	12/20/12	1.75%	\$ 400,000.00		\$ 75,000.00	\$ 325,000.00
		12/22/09	12/20/11	12/20/12	1.75%	800,000.00			800,000.00
		12/21/10	12/20/11	12/20/12	1.75%	322,000.00			322,000.00
2008/12	Various Municipal Improvements	12/23/08	12/20/11	12/20/12	1.75%	71,250.00		3,750.00	67,500.00
2008/15	Various Road and Drainage Improvements on Douglas Road	12/23/08	12/20/11	12/20/12	1.75%	213,750.00		11,250.00	202,500.00
2009/10	Purchase, Design and Installation of Flashing School Beacons and Driver Feedback Signs	12/22/09	12/20/11	12/20/12	1.75%	15,200.00			15,200.00
2010/3	Acquisition of Vehicles and Equipment	12/21/10	12/20/11	12/20/12	1.75%	171,000.00			171,000.00
2010/4	Various Road and Sidewalk Improvements	12/21/10	12/20/11	12/20/12	1.75%	450,000.00			450,000.00
		12/20/11	12/20/11	12/20/12	1.75%		\$ 165,300.00		165,300.00
2010/8	Acquisition of Vehicles and Equipment for the Fire Department	12/21/10	12/20/11	12/20/12	1.75%	237,500.00			237,500.00
2011/2	Various Road and Sidewalk Improvements	12/20/11	12/20/11	12/20/12	1.75%		599,300.00		599,300.00
2011/7	Acquisition of a New Ladder Truck, Equipment, and Improvements to Fire Department	12/20/11	12/20/11	12/20/12	1.75%		100,000.00		100,000.00
						<u>\$ 2,680,700.00</u>	<u>\$ 864,600.00</u>	<u>\$ 90,000.00</u>	<u>\$ 3,455,300.00</u>

Detail:
Budget Appropriation

\$ 90,000.00

\$ 90,000.00

**BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Ordinance Amount	Balance December 31, 2010		2011 Authorizations					Balance December 31, 2011	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation	Contributions and Other Funding Sources	Contracts/ Reserve for Encumbrances Canceled	Paid or Charged	Funded	Unfunded
19-97/2-99/ 29-99	Creation, Development and Implementation of a Housing Rehabilitation Program(Marlboro)	05/05/97, 02/01/99, 12/20/99	\$ 1,306,495.00	\$ 60,732.50							\$ 60,732.50	
30-99/20-00/ 2001-16/ 2002/10, 2003/16	Creation, Development and Implementation of a Housing Rehabilitation Program (Howell)	12/20/99, 08/7/00, 8/6/01, 7/15/02, 08/04/03	2,849,772.11	12,907.25								12,907.25
2000/28	Improvements to Borough Hall and Fire Station	12/18/00	205,000.00	36,017.42					\$ 22,300.00			13,717.42
2002/6, 2003/20, 2004/13, 2005/8, 2006/31	Creation, Development and Implementation of a Housing Rehabilitation Program (Freehold Township II)	04/15/02, 09/15/03, 06/07/04, 03/21/05, 12/04/06	3,380,000.00	1,069,717.96				\$ 550.00	\$ 157,034.60			913,233.36
2002/21, 2005/17 2006/38	Acquisition of a Fire Truck and Improvements to Firehouse	12/02/02, 06/06/05, 12/18/06	563,000.00	5,159.87								5,159.87
2005/30	Road Improvements and Resurfacing to Barkalow Avenue	12/26/05	500,000.00	7,132.03								7,132.03
2006/11	Improvements to Various Sidewalks, Curbing, Aprons and Storm Basins	05/01/06	250,000.00	13,182.74								13,182.74
2006/23	Acquisition of Vehicles and Equipment	07/17/06	90,000.00	35,593.17						13,532.11		22,061.06
2007/3	Resurfacing of Monmouth Avenue and Ann Street	02/20/07	505,000.00	289,909.05						238,250.00		51,659.05
2007/10	Acquisition of Various Equipment and Vehicles	05/07/07	300,000.00	44,981.49								44,981.49
2007/17	Improvements to Borough Hall	09/04/07	50,000.00	38,063.56						38,063.56		

**BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Ordinance Amount	Balance December 31, 2010		2011 Authorizations				Balance December 31, 2011	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation	Contributions and Other Funding Sources	Contracts/ Reserve for Encumbrances Canceled	Paid or Charged	Funded
2008/7, 2008/21, 2009/2	Various Road Improvements	4/7/08, 12/01/08, 03/30/09	\$ 1,995,000.00		\$ 128,769.56					\$ 6,660.53	\$ 122,109.03
2008/12	Various Municipal Improvements	06/02/08	75,000.00		5,393.34					36.08	5,357.26
2008/15	Various Road and Drainage Improvements on Douglas Road	09/02/08	225,000.00		9,995.93					108.24	9,887.69
2008/22	Improvements to Municipal Building	12/15/08	25,000.00	\$ 2,720.00							\$ 2,720.00
2009/10	Purchase, Design and Installation of Flashing School Beacons and Driver Feedback Signs	07/02/09	135,000.00	111,864.72	15,200.00					6,507.70	105,357.02
2010/3	Acquisition of Vehicles and Equipment	03/15/10	180,000.00		133,583.23					130,700.00	2,883.23
2010/4	Various Road and Sidewalk Improvements	03/15/10	1,200,000.00	417,230.00	211,435.96			\$ 45,920.18		587,183.22	87,402.92
2010/8	Acquisition of Vehicles and Equipment for the Fire Department	05/03/10	250,000.00		34,189.39					33,553.89	635.50
2011/2	Various Road and Sidewalk Improvements	04/18/11	1,000,000.00			\$ 40,000.00	\$ 760,000.00	\$ 200,000.00		490,547.36	509,452.64
2011/7	Acquisition of a New Ladder Truck, Equipment and Improvements to Fire Department	06/27/11	1,250,000.00			60,000.00	1,190,000.00			76,954.00	1,173,046.00
				\$ 2,145,211.76	\$ 538,567.41	\$ 100,000.00	\$ 1,950,000.00	\$ 200,000.00	\$ 46,470.18	\$ 1,801,431.29	\$ 1,252,843.79
											\$ 1,925,974.27

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>2011 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2011</u>
2010/4	Various Road and Sidewalk Improvements	\$ 165,300.00		\$ 165,300.00	
2010/8	Acquisition of Vehicles and Equipment for the Fire Department				
2011/2	Various Road and Sidewalk Improvements		\$ 760,000.00	599,300.00	\$ 160,700.00
2011/7	Acquisition of a New Ladder Truck, Equipment and Improvements to Fire Department		1,190,000.00	100,000.00	1,090,000.00
		<u>\$ 165,300.00</u>	<u>\$ 1,950,000.00</u>	<u>\$ 864,600.00</u>	<u>\$ 1,250,700.00</u>

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WATER-SEWER UTILITY OPERATING FUND

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>ASSETS</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 1,097,100.77	\$ 1,808,403.17
Consumer Accounts Receivable	333,075.06	259,292.55
Inventory	<u>10,072.36</u>	<u>9,198.21</u>
	<u>\$ 1,440,248.19</u>	<u>\$ 2,076,893.93</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ <u>367,143.18</u>	\$ <u>517,443.63</u>
Other Liabilities and Reserves:		
Reserve for Encumbrances	\$ 113,894.86	\$ 92,038.33
Consumer Overpayments	5,050.20	6,304.22
Accrued Interest on Bonds and Notes	<u>21,149.43</u>	<u>25,918.67</u>
	<u>\$ 140,094.49</u>	<u>\$ 124,261.22</u>
Reserve for Receivables and Inventory	\$ 343,147.42	\$ 268,490.76
Fund Balance	<u>589,863.10</u>	<u>1,166,698.32</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 1,440,248.19</u>	<u>\$ 2,076,893.93</u>

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:		
Operating Fund Balance Appropriated	\$ 423,497.00	\$ 480,795.00
Rents	5,361,212.74	5,373,143.26
Miscellaneous	175,530.15	178,667.82
Reserve for Payment of Bonds	4,600.00	4,600.00
Water-Sewer Utility Capital Fund Balance	75,000.00	
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	399,405.58	679,838.12
Reserve for Encumbrances Canceled	513.31	400.00
Refund of Prior Year Expenditure		<u>53,167.16</u>
Total Income	<u>\$ 6,439,758.78</u>	<u>\$ 6,770,611.36</u>
Expenditures:		
Operating	\$ 5,275,217.00	\$ 5,015,150.00
Capital Improvements	25,000.00	25,000.00
Debt Service	438,041.00	411,102.00
Deferred Charges and Statutory Expenditures	<u>214,839.00</u>	<u>184,143.00</u>
Total Expenditures	<u>\$ 5,953,097.00</u>	<u>\$ 5,635,395.00</u>
Excess in Revenue	<u>\$ 486,661.78</u>	<u>\$ 1,135,216.36</u>
Statutory Excess to Fund Balance	\$ 486,661.78	\$ 1,135,216.36
Fund Balance, January 1	<u>1,166,698.32</u>	<u>1,152,276.96</u>
	<u>\$ 1,653,360.10</u>	<u>\$ 2,287,493.32</u>
Decreased by:		
Utilized by Water-Sewer Utility Operating Budget	\$ 423,497.00	\$ 480,795.00
Transferred to Current Fund as Anticipated Revenue	<u>640,000.00</u>	<u>640,000.00</u>
	<u>\$ 1,063,497.00</u>	<u>\$ 1,120,795.00</u>
Fund Balance, December 31	<u>\$ 589,863.10</u>	<u>\$ 1,166,698.32</u>

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Appropriated	\$ 423,497.00	\$ 423,497.00	
Rents and Other Charges	5,300,000.00	5,361,212.74	\$ 61,212.74
Miscellaneous	150,000.00	175,530.15	25,530.15
Reserve for Payment of Bonds	4,600.00	4,600.00	
Water-Sewer Utility Capital Fund Balance	<u>75,000.00</u>	<u>75,000.00</u>	
	<u>\$ 5,953,097.00</u>	<u>\$ 6,039,839.89</u>	<u>\$ 86,742.89</u>

ANALYSIS OF REALIZED REVENUES

Rents:

Consumer Accounts Receivable:

Receipts	\$ 5,354,908.52	
Overpayments Applied	<u>6,304.22</u>	<u>\$ 5,361,212.74</u>

Miscellaneous:

Interest on Delinquent Accounts	\$ 37,192.55
Repairs and Installations	8,650.00
Meter Purchases	150.00
Returned Check Fees	340.00
Temporary Water Usage Fees	225.00
Diversion Rights	76,620.00
Hook Up Fees	14,530.00
Penalty	2,000.00
Special Reading Fees	4,480.00
Meter Testing	25.00
Sundry	0.55
Disconnection/Reconnection Fees	10,444.90
Interest on Investments	<u>20,872.15</u>
	<u>\$ 175,530.15</u>

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 1,031,467.00	\$ 1,031,467.00	\$ 997,260.88		\$ 34,206.12
Other Expenses	1,443,750.00	1,443,750.00	1,073,971.54	\$ 113,894.86	255,883.60
Manasquan River Regional Sewer Authority Costs	<u>2,800,000.00</u>	<u>2,800,000.00</u>	<u>2,729,650.00</u>		<u>70,350.00</u>
Total Operating	<u>\$ 5,275,217.00</u>	<u>\$ 5,275,217.00</u>	<u>\$ 4,800,882.42</u>	<u>\$ 113,894.86</u>	<u>\$ 360,439.72</u>
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>		
Total Capital Improvements	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>		
<u>DEBT SERVICE</u>					
Payment of Bond Principal	\$ 345,000.00	\$ 345,000.00	\$ 345,000.00		
Payment of Bond Anticipation Notes	3,500.00	3,500.00	3,500.00		
Interest on Bonds	82,347.00	82,347.00	82,347.00		
Interest on Notes	<u>7,194.00</u>	<u>7,194.00</u>	<u>7,194.00</u>		
Total Debt Service	<u>\$ 438,041.00</u>	<u>\$ 438,041.00</u>	<u>\$ 438,041.00</u>		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System (P.E.R.S.)	\$ 128,839.00	\$ 128,839.00	\$ 128,839.00		
Social Security System (O.A.S.I.)	81,000.00	81,000.00	74,296.54		\$ 6,703.46
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>		
Total Deferred Charges and Statutory Expenditures	<u>\$ 214,839.00</u>	<u>\$ 214,839.00</u>	<u>\$ 208,135.54</u>		<u>\$ 6,703.46</u>
Total Water-Sewer Utility Appropriations	<u>\$ 5,953,097.00</u>	<u>\$ 5,953,097.00</u>	<u>\$ 5,472,058.96</u>	<u>\$ 113,894.86</u>	<u>\$ 367,143.18</u>
Detail:					
Disbursed			\$ 5,382,517.96		
Accrued Interest on Bonds and Notes			<u>89,541.00</u>		
			<u>\$ 5,472,058.96</u>		

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 259,292.55
 <u>INCREASED BY</u>		
Rents Charged in 2011		<u>5,434,995.25</u>
		\$ 5,694,287.80
 <u>DECREASED BY</u>		
Collections - Net	\$ 5,354,908.52	
Overpayments Applied	<u>6,304.22</u>	<u>5,361,212.74</u>
 <u>BALANCE, DECEMBER 31, 2011</u>		 <u><u>\$ 333,075.06</u></u>

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	<u>Balance</u> December 31, 2010		<u>Balance</u> After Transfers	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Appropriation</u> <u>Reserves</u>	<u>Encumbered</u>			
<u>OPERATING</u>					
Salaries and Wages	\$ 14,346.99		\$ 14,346.99		\$ 14,346.99
Other Expenses	279,689.42	\$ 90,425.02	370,114.44	\$ 110,064.39	260,050.05
Manasquan River Regional Sewer Authority Costs	<u>212,900.00</u>		<u>212,900.00</u>	<u>98,294.71</u>	<u>114,605.29</u>
Total Operating	<u>\$ 506,936.41</u>	<u>\$ 90,425.02</u>	<u>\$ 597,361.43</u>	<u>\$ 208,359.10</u>	<u>\$ 389,002.33</u>
<u>DEFERRED CHARGES AND STATUTORY</u>					
<u>EXPENDITURES</u>					
Contribution to:					
Public Employees Retirement System (P.E.R.S.)	\$ 0.68		\$ 0.68		\$ 0.68
Social Security System (O.A.S.I.)	8,354.81		8,354.81		\$ 8,354.81
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	<u>2,151.73</u>		<u>2,151.73</u>	<u>\$ 103.97</u>	<u>2,047.76</u>
Total Deferred Charges and Statutory Expenditures	<u>\$ 10,507.22</u>		<u>\$ 10,507.22</u>	<u>\$ 103.97</u>	<u>\$ 10,403.25</u>
Total	<u>\$ 517,443.63</u>	<u>\$ 90,425.02</u>	<u>\$ 607,868.65</u>	<u>\$ 208,463.07</u>	<u>\$ 399,405.58</u>
Detail:					
Disbursed				<u>\$ 208,463.07</u>	
				<u>\$ 208,463.07</u>	

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 25,918.67
<u>INCREASED BY</u>		
Budget Appropriations:		
Interest on Bonds	\$ 82,347.00	
Interest on Notes	<u>7,194.00</u>	<u>89,541.00</u>
		\$ 115,459.67
<u>DECREASED BY</u>		
Disbursed		<u>94,310.24</u>
<u>BALANCE, DECEMBER 31, 2011</u>		<u>\$ 21,149.43</u>

ANALYSIS OF ACCRUAL

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2011</u>	<u>Accrual Period</u>	<u>Accrual</u>
Serial Bonds	8/1/1998	4.55%	\$ 238,000.00	5 months	\$ 4,512.09
	8/1/2002	4.00%	594,000.00	5 months	9,900.00
	11/1/2007	4.00%	951,000.00	2 months	<u>6,340.00</u>
					<u>\$ 20,752.09</u>
Bond Anticipation Notes	12/20/2011	1.75%	584,700.00	10 days	<u>\$ 284.23</u>
					<u>\$ 284.23</u>
Excess/(Shortage)					<u>\$ 113.11</u>
					<u>\$ 21,149.43</u>

WATER-SEWER UTILITY CAPITAL FUND

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>1,069,421.31</u>	\$ <u>1,329,856.05</u>
Fixed Capital	\$ 10,319,169.37	\$ 10,319,169.37
Fixed Capital Authorized and Uncompleted	<u>1,656,000.00</u>	<u>1,626,000.00</u>
	\$ <u>11,975,169.37</u>	\$ <u>11,945,169.37</u>
Total Assets	\$ <u><u>13,044,590.68</u></u>	\$ <u><u>13,275,025.42</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds	\$ <u>1,783,000.00</u>	\$ <u>2,128,000.00</u>
Bond Anticipation Notes	\$ <u>584,700.00</u>	\$ <u>573,300.00</u>
Improvement Authorizations:		
Funded	\$ 208,578.26	\$ 284,362.73
Unfunded	<u>156,307.00</u>	<u>223,495.80</u>
	\$ <u>364,885.26</u>	\$ <u>507,858.53</u>
Capital Improvement Fund	\$ 173,857.83	\$ 148,857.83
Reserve for Encumbrances	71,097.00	29,900.00
Contracts/Retained Percentage Payable	21,595.10	114,131.93
Reserve for Manhole Rehabilitation	20,000.00	20,000.00
Reserve for Payment of Bonds	<u>9,485.42</u>	<u>14,085.42</u>
	\$ <u>296,035.35</u>	\$ <u>326,975.18</u>

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE (CONTINUED)</u>		
Reserve for Amortization	\$ <u>9,355,669.37</u>	\$ <u>9,007,169.37</u>
Deferred Reserve for Amortization	\$ <u>171,600.00</u>	\$ <u>141,600.00</u>
Fund Balance	\$ <u>488,700.70</u>	\$ <u>590,122.34</u>
Total Liabilities, Reserves and Fund Balance	\$ <u><u>13,044,590.68</u></u>	\$ <u><u>13,275,025.42</u></u>

There were Bonds and Notes Authorized and Not Issued of \$80,200.00 at December 31, 2011.

**BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2010	Receipts		Disbursements		Transfer		Balance December 31, 2011
		Bond Anticipation Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 590,122.34		\$ 3,578.36		\$ 75,000.00	\$ 30,000.00		\$ 488,700.70
Capital Improvement Fund	148,857.83		25,000.00					173,857.83
Due to Water-Sewer Utility Operating Fund			1,102.88		1,102.88			
Contracts/Retained Percentage Payable	114,131.93				92,126.80	410.03		21,595.10
Reserve for Payment of Bonds	14,085.42				4,600.00			9,485.42
Reserve for Manhole Rehabilitation	20,000.00							20,000.00
Reserve for Encumbrances	29,900.00				29,900.00		\$ 71,097.00	71,097.00

Improvement Authorizations:

Ordinance Number	Description								
2002/13	Various Water-Sewer Utility Improvements and Purchase of Equipment	91,343.81						91,343.81	
2004/11	Acquisition of Various Equipment and Roof Replacement	33,534.47		14,993.19				18,541.28	
2006/24	Various Water-Sewer Utility Improvements and Acquisition of Vehicles and Equipment	149,707.37		26,403.00		46,422.00		76,882.37	
2007/11	Acquisition of Vehicles, Improvements to Water Plant, Well Rehabilitation and Manhole Rehabilitation	32,686.57		4,750.00				27,936.57	
2008/5	Various Water-Sewer Utility Improvements	(14,810.01)	\$ 14,900.00					89.99	
2008/6, 2010/13	Various Water-Sewer Utility Improvements	113,205.81		56,140.11			410.03	57,475.73	
2009/4	Purchase of a Pump for the Court Street Pump Station	7,090.51						7,090.51	
2011/10	Rehabilitation of Filter #3					24,675.00	30,000.00	5,325.00	
		<u>\$ 1,329,856.05</u>	<u>\$ 14,900.00</u>	<u>\$ 29,681.24</u>	<u>\$ 102,286.30</u>	<u>\$ 202,729.68</u>	<u>\$ 101,507.03</u>	<u>\$ 101,507.03</u>	<u>\$ 1,069,421.31</u>

**BOROUGH OF FREEHOLD
 WATER-SEWER UTILITY CAPITAL FUND
 STATEMENT OF SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance December 31, 2010	Decreased	Balance December 31, 2011
			Date	Amount				
Water-Sewer Utility Bonds	8/1/1998	1,528,000.00	8/1/2012	\$ 130,000.00	4.55%	\$ 368,000.00	\$ 130,000.00	\$ 238,000.00
			8/1/2013	108,000.00	4.55%			
Water-Sewer Utility Bonds	8/1/2002	1,159,000.00	8/1/2012	95,000.00	4.00%	684,000.00	90,000.00	594,000.00
			8/1/2013-16	100,000.00	4.00%			
			8/1/2017	99,000.00	4.00%			
Water-Sewer Utility Bonds	11/1/2007	1,361,000.00	11/1/2012	135,000.00	4.00%	1,076,000.00	125,000.00	951,000.00
			11/1/2013	145,000.00	4.00%			
			11/1/2014	155,000.00	4.00%			
			11/1/15-16	170,000.00	4.00%			
			11/1/2017	176,000.00	4.00%			
						<u>\$ 2,128,000.00</u>	<u>\$ 345,000.00</u>	<u>\$ 1,783,000.00</u>

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
2004/11, 2005/26	Acquisition of Various Equipment and Roof Replacement	12/22/09	12/20/11	12/20/12	1.75%	\$ 30,000.00			\$ 30,000.00
2008/5	Various Water-Sewer Utility Improvements	12/23/08	12/20/11	12/20/12	1.75%		\$ 14,900.00		14,900.00
2008/6, 2010/13	Various Water-Sewer Utility Improvements	12/23/08 12/21/10	12/20/11 12/20/11	12/20/12 12/20/12	1.75% 1.75%	258,400.00 <u>284,900.00</u>		\$ 3,500.00	254,900.00 <u>284,900.00</u>
						<u>\$ 573,300.00</u>	<u>\$ 14,900.00</u>	<u>\$ 3,500.00</u>	<u>\$ 584,700.00</u>
Detail:									
Paid by Operating Budget Appropriation									\$ <u>3,500.00</u>
									\$ <u>3,500.00</u>

**BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance		Balance December 31, 2010		2011 Authorizations	Contracts Payable Canceled	Paid or Charged	Balance December 31, 2011	
		Date	Amount	Funded	Unfunded	General Capital Fund Balance			Funded	Unfunded
2002/13	Various Water-Sewer Utility Improvements and Purchase of Equipment	8/19/02	\$ 244,000.00	\$ 91,343.81					\$ 91,343.81	
2004/11	Acquisition of Various Equipment and Roof Replacement	4/19/04	100,000.00	3,534.47	\$ 30,000.00			\$ 14,993.19		\$ 18,541.28
2006/24	Various Water-Sewer Utility Improvements and Acquisition of Vehicles and Equipment	7/17/06	230,000.00	149,707.37				72,825.00	76,882.37	
2007/11	Acquisition of Vehicles, Improvements to Water Plant, Well Rehabilitation and Manhole Rehabilitation	5/21/07	350,000.00	32,686.57				4,750.00	27,936.57	
2008/5	Various Water-Sewer Utility Improvements	4/7/08	100,000.00		80,189.99					80,189.99
2008/6, 2010/13	Various Water-Sewer Utility Improvements	4/7/08, 8/2/10	572,000.00		113,305.81		\$ 410.03	56,140.11		57,575.73
2009/4	Purchase of a Pump for the Court Street Pump Station	4/20/09	30,000.00	7,090.51					7,090.51	
2011/10	Rehabilitation of Filter #3	11/7/11	30,000.00			\$ 30,000.00		24,675.00	5,325.00	
				\$ 284,362.73	\$ 223,495.80	\$ 30,000.00	\$ 410.03	\$ 173,383.30	\$ 208,578.26	\$ 156,307.00

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2011</u>
2008/5	Various Water-Sewer Utility Improvements	\$ 95,000.00	\$ 14,900.00	\$ 80,100.00
2008/6, 2010/13	Various Water-Sewer Utility Improvements	<u>100.00</u>	<u> </u>	<u>100.00</u>
		<u>\$ 95,100.00</u>	<u>\$ 14,900.00</u>	<u>\$ 80,200.00</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF FREEHOLD
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
General Fixed Assets:		
Land	\$ 4,420,700.00	\$ 4,420,700.00
Buildings	2,290,300.00	2,290,300.00
Equipment	<u>5,635,769.56</u>	<u>5,408,345.41</u>
	<u>\$ 12,346,769.56</u>	<u>\$ 12,119,345.41</u>
Investment in General Fixed Assets	<u>\$ 12,346,769.56</u>	<u>\$ 12,119,345.41</u>

STATISTICAL SECTION

**BOROUGH OF FREEHOLD
CURRENT FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government	\$ 961,071.00	\$ 972,730.00	\$ 1,013,409.00	\$ 968,756.00	\$ 1,039,699.00	\$ 1,038,167.00	\$ 1,083,326.00	\$ 1,086,128.00	\$ 944,745.00	\$ 890,049.10
Land Use Administration	59,586.00	58,686.00	60,300.00	60,250.00	58,164.00	55,950.00	52,000.00	58,200.00	48,986.00	43,722.00
Code Enforcement/Uniform Construction Code	337,105.00	327,605.00	332,250.00	316,100.00	308,393.00	276,592.00	270,062.00	250,248.00	234,519.00	206,888.00
Insurance and Pensions	3,179,881.00	2,676,882.00	2,172,365.00	2,464,612.00	2,080,295.80	1,856,482.00	1,598,976.00	1,264,000.00	1,082,513.00	979,420.00
Public Safety	4,119,918.00	4,091,768.00	4,419,750.00	4,333,785.00	4,023,750.00	3,881,749.00	3,633,446.00	3,578,285.32	3,135,097.00	2,897,838.90
Public Works	1,253,147.00	1,260,467.00	1,315,050.00	1,300,450.00	1,346,682.00	1,401,884.00	1,375,028.00	1,328,760.00	1,340,901.08	1,246,716.00
Health and Human Services	22,405.00	16,405.00	15,405.00	14,630.00	18,230.00	43,390.00	41,932.00	42,132.00	43,282.00	42,633.00
Parks and Recreation	74,400.00	66,900.00	66,900.00	63,800.00	62,950.00	64,850.00	61,500.00	50,400.00	53,900.00	66,781.00
Utility Expense and Bulk Purchases	478,990.00	449,500.00	471,500.00	477,500.00	441,000.00	412,500.00	388,123.00	364,000.00	347,000.00	328,000.00
Landfill/Solid Waste Disposal	563,120.00	541,056.00	558,556.00	540,500.00	555,500.00	510,500.00	488,000.00	440,500.00	373,500.00	368,500.00
Deferred Charges and Statutory Expenditures	256,501.00	233,000.00	233,000.00	219,050.00	266,100.00	257,750.00	245,572.00	241,000.00	248,000.00	173,456.00
Municipal Court	310,385.00	390,550.00	411,850.00	361,288.00	349,378.00	324,840.00	286,175.00	271,575.00	249,264.00	212,932.00
Library	401,710.00	392,605.00	440,100.00	414,155.00	365,093.00	317,472.00	280,410.25	243,835.00	221,745.00	211,822.00
Interlocal Service Agreements	188,000.00	175,000.00	156,000.00	171,126.00	188,150.00	91,220.00	89,220.00	126,292.00	124,292.00	119,050.00
State and Federal Grants	384,569.66	384,507.79	508,764.42	491,717.41	273,794.16	381,974.18	260,025.06	384,717.49	245,976.25	422,464.76
Capital Improvements	112,500.00	35,000.00	35,000.00	35,000.00	35,000.00	40,000.00	35,000.00	35,000.00	35,000.00	30,000.00
Debt Service	1,406,979.75	1,280,129.00	1,235,499.00	1,185,444.00	994,942.00	919,212.00	893,918.00	848,682.00	814,107.10	782,734.00
Judgements					33,000.00					
Reserve for Uncollected Taxes	725,810.24	752,702.03	717,318.56	701,647.97	850,528.76	794,143.04	576,464.33	522,869.73	589,722.88	536,953.74
	<u>\$ 14,836,078.65</u>	<u>\$ 14,105,492.82</u>	<u>\$ 14,163,016.98</u>	<u>\$ 14,119,811.38</u>	<u>\$ 13,290,649.72</u>	<u>\$ 12,668,675.22</u>	<u>\$ 11,659,177.64</u>	<u>\$ 11,136,624.54</u>	<u>\$ 10,132,550.31</u>	<u>\$ 9,559,960.50</u>

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

**BOROUGH OF FREEHOLD
 WATER-SEWER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
 FOR THE LAST TEN (10) FISCAL YEARS
 (ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating	\$ 5,275,217.00	\$ 5,015,150.00	\$ 5,066,650.00	\$ 5,018,665.00	\$ 4,773,140.00	\$ 4,694,483.00	\$ 4,623,136.00	\$ 4,585,890.00	\$ 4,523,713.00	\$ 4,484,042.00
Capital Improvements	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	20,000.00	20,000.00	20,000.00	25,000.00	25,000.00
Debt Service	438,041.00	411,102.00	412,366.00	400,899.00	371,287.00	400,269.00	375,788.00	382,570.00	339,916.00	297,061.00
Deferred Charges and Statutory Expenditures	<u>214,839.00</u>	<u>184,143.00</u>	<u>142,028.00</u>	<u>145,139.00</u>	<u>112,655.00</u>	<u>95,450.00</u>	<u>83,512.40</u>	<u>71,200.00</u>	<u>68,500.00</u>	<u>63,700.00</u>
	<u>\$ 5,953,097.00</u>	<u>\$ 5,635,395.00</u>	<u>\$ 5,646,044.00</u>	<u>\$ 5,589,703.00</u>	<u>\$ 5,282,082.00</u>	<u>\$ 5,210,202.00</u>	<u>\$ 5,102,436.40</u>	<u>\$ 5,059,660.00</u>	<u>\$ 4,957,129.00</u>	<u>\$ 4,869,803.00</u>

**BOROUGH OF FREEHOLD
CURRENT FUND REVENUES BY SOURCE
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Source	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Taxes (1)	\$ 8,915,550.48	\$ 8,603,985.40	\$ 8,330,746.41	\$ 7,986,497.03	\$ 7,592,498.31	\$ 7,155,413.22	\$ 6,514,974.63	\$ 5,734,504.86	\$ 5,546,068.00	\$ 5,284,976.00
Delinquent Taxes	572,124.53	460,299.54	434,432.80	297,895.11	420,500.59	428,326.60	287,992.39	293,550.18	366,271.00	406,262.00
Fees, Permits, Fines and Licenses	2,594,196.53	2,541,773.01	2,477,800.91	2,477,246.40	2,714,463.17	2,513,129.88	2,115,055.58	2,191,769.24	2,073,810.00	1,594,619.00
State Aid	1,250,916.00	1,250,916.00	1,572,490.00	1,612,810.00	1,781,614.00	1,748,855.00	1,748,854.00	1,773,854.00	1,668,834.00	1,637,361.00
State and Federal Grants	124,463.36	160,292.54	305,518.42	288,323.31	104,432.67	231,163.51	116,309.09	253,564.68	117,695.00	302,029.00
Surplus Anticipated	1,536,617.00	1,375,000.00	1,375,000.00	1,753,276.00	1,600,000.00	1,425,000.00	1,200,000.00	1,503,000.00	1,079,000.00	929,343.00
Non-budget Revenues and Other Items	1,066,722.62	1,217,004.78	1,008,041.38	893,619.62	756,495.66	719,217.23	655,824.90	544,100.47	796,532.00	645,717.00
	<u>\$ 16,060,590.52</u>	<u>\$ 15,609,271.27</u>	<u>\$ 15,504,029.92</u>	<u>\$ 15,309,667.47</u>	<u>\$ 14,970,004.40</u>	<u>\$ 14,221,105.44</u>	<u>\$ 12,639,010.59</u>	<u>\$ 12,294,343.43</u>	<u>\$ 11,648,210.00</u>	<u>\$ 10,800,307.00</u>

(1) Excludes tax allocated to county, school and special improvement district.

BOROUGH OF FREEHOLD
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year</u>	<u>Borough</u>	<u>County</u>	<u>Local and Regional School</u>	<u>Total</u>	<u>Collection Rates Current</u>	<u>Total Delinquent Taxes as Percent of Levy</u>
2011	0.822	0.300	1.188	2.310	97.63%	2.20%
2010	0.791	0.283	1.172	2.246	97.58%	2.39%
2009	0.756	0.289	1.162	2.207	97.93%	1.95%
2008	0.718	0.278	1.131	2.127	98.03%	1.91%
2007	0.659	0.277	1.104	2.040	98.56%	1.33%
2006	0.630	0.280	1.039	1.949	97.72%	1.92%
2005 R	0.598	0.269	0.948	1.815	97.76%	2.10%
2004	1.110	0.541	1.901	3.552	98.51%	1.55%
2003	1.090	0.524	1.766	3.380	98.26%	1.78%
2002	1.047	0.505	1.669	3.221	97.73%	2.31%

R = Revaluation

Source: Tax Collector.

BOROUGH OF FREEHOLD
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u> <u>Tax Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2011	\$ 25,178,131.04	\$ 24,582,099.92	97.63%
2010	24,511,865.07	23,918,981.80	97.58%
2009	24,069,140.26	23,572,142.84	97.93%
2008	23,236,125.89	22,780,508.89	98.03%
2007	22,313,025.47	21,992,754.72	98.56%
2006	21,433,929.04	20,946,688.07	97.72%
2005	19,914,290.11	19,469,967.28	97.76%
2004	17,569,191.87	17,308,085.25	98.51%
2003	16,625,340.85	16,336,321.97	98.26%
2002	15,788,592.09	15,431,481.09	97.73%

BOROUGH OF FREEHOLD
DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2011	\$ 25,865.32	\$ 529,092.01	\$ 554,957.33	2.20%
2010	25,187.62	561,462.57	586,650.19	2.39%
2009	8,850.23	460,867.97	469,718.20	1.95%
2008	3,934.37	440,875.17	444,809.54	1.91%
2007	3,934.37	292,942.11	296,876.48	1.33%
2006	3,934.37	407,788.14	411,722.51	1.92%
2005	3,934.37	414,478.29	418,412.66	2.10%
2004	3,580.44	268,629.54	272,209.98	1.55%
2003	3,225.24	293,153.21	296,378.45	1.78%
2002	8,663.92	355,267.62	363,931.54	2.31%

BOROUGH OF FREEHOLD
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Net</u> <u>Assessed</u> <u>Valuations</u>	<u>Estimated</u> <u>Full Cash</u> <u>Valuations</u>	<u>Percentage of</u> <u>Net Assessed</u> <u>to Estimated</u> <u>Full Cash</u> <u>Valuations</u>
2011	\$ 1,068,316,500	\$ 1,126,127,378	94.60%
2010	1,068,553,500	1,194,849,044	89.43%
2009	1,062,221,100	1,181,821,429	89.88%
2008	1,069,679,000	1,264,545,455	84.59%
2007	1,071,145,000	1,232,617,952	86.90%
2006	1,074,863,600	1,162,391,695	92.47%
2005	1,075,070,000	1,064,531,142	100.99%
2004	481,563,400	898,104,066	53.62%
2003	478,107,001	725,063,696	65.94%
2002	475,948,300	624,932,117	76.16%

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

BOROUGH OF FREEHOLD
SCHEDULE OF TEN LARGEST TAXPAYERS
(UNAUDITED)

<u>Taxpayer</u>	<u>Assessed Value 2011</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
Freehold Racing Association	\$ 29,225,300	2.74%
Nestle USA	23,674,400	2.22%
AEW Brookside, LLC	14,269,000	1.34%
NJ Bell Telephone	10,281,773	0.96%
East Coast Post and Coach LLC	6,495,700	0.61%
Park Plaza Shopping Center	5,560,900	0.52%
Freefern Associates	4,565,000	0.43%
Chiu's Property Inc.	3,300,000	0.31%
Delli Santi, Nicholas	3,000,000	0.28%
Bell Atlantic	<u>3,000,000</u>	<u>0.28%</u>
	<u>\$ 103,372,073</u>	<u>9.68%</u>

BOROUGH OF FREEHOLD
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

<u>Year</u>	<u>Equalized Valuation Basis</u>
2009	\$ 1,181,821,429.00
2010	1,194,849,044.00
2011	<u>1,129,298,626.00</u>
	<u>\$ 3,505,969,099.00</u>
Average Equalized Valuation	<u>\$ 1,168,656,366.00</u>
Borrowing Margin - 3½% of Average Equalized Valuation	\$ 40,902,972.81
Net Debt	<u>8,636,048.11</u>
Remaining Borrowing Power	<u>\$ 32,266,924.70</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of Freehold	\$ <u>19,815,598.60</u>	\$ <u>11,179,550.49</u>	\$ 8,636,048.11
Net Overlapping Debt Apportioned to the Municipality: County of Monmouth (1) - (0.966027843%)			<u>4,413,531.85</u>
			<u>\$ 13,049,579.96</u>

Source: (1) County of Monmouth

BOROUGH OF FREEHOLD
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND
LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population</u>	<u>Equalized</u> <u>Valuation</u> <u>Basis</u> (1)	<u>Net</u> <u>Debt</u> (2)	<u>Ratio of</u> <u>Net</u> <u>Debt to</u> <u>Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt Per</u> <u>Capita</u>
2011	12,052	\$ 1,139,215,781.00	\$ 8,636,048.11	0.76%	\$ 716.57
2010	12,052	1,213,738,643.00	7,522,205.79	0.62%	624.15
2009	10,976	1,226,328,279.00	7,342,736.12	0.60%	668.98
2008	10,976	1,219,851,701.00	7,478,018.71	0.61%	681.31
2007	10,976	1,153,180,263.00	7,205,191.75	0.62%	656.45
2006	10,976	1,041,675,634.00	6,853,832.06	0.66%	624.44
2005	10,976	895,899,635.00	6,673,980.85	0.75%	608.05
2004	10,976	749,366,626.00	6,334,933.07	0.85%	577.16
2003	10,976	632,475,936.00	6,246,763.06	0.99%	569.13
2002	10,976	557,118,852.00	6,376,580.29	1.14%	580.96

(1) Per the State of New Jersey.

(2) Per Annual Debt Statement - Includes Self-Liquidating Net Debt.

BOROUGH OF FREEHOLD
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR BONDED DEBT (1)
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt</u> <u>Service (1)</u>	<u>Total</u> <u>Current Fund</u> <u>Governmental</u> <u>Fund Expenditures</u>	<u>Ratio of</u> <u>Debt Service to</u> <u>Current Fund</u> <u>Expenditures</u>
2011	\$ 1,012,000.00	\$ 271,471.00	\$ 1,283,471.00	\$ 14,836,078.65	8.65%
2010	945,000.00	312,626.00	1,257,626.00	14,105,492.82	8.92%
2009	870,000.00	365,499.00	1,235,499.00	14,163,016.98	8.72%
2008	800,000.00	385,444.00	1,185,444.00	14,119,811.38	8.40%
2007	617,500.00	377,442.00	994,942.00	13,290,649.72	7.49%
2006	548,300.00	370,912.00	919,212.00	12,668,675.22	7.26%
2005	525,000.00	368,918.00	893,918.00	11,659,177.64	7.67%
2004	480,000.00	368,682.00	848,682.00	11,136,624.54	7.62%
2003	433,350.00	380,757.10	814,107.10	10,132,550.31	8.03%
2002	402,450.00	380,284.00	782,734.00	9,559,960.50	8.19%

(1) Excludes Water-Sewer Utility Debt.

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

Cash Receipts from Fees, Rents or Other Charges		\$ 5,948,309.89
Deductions:		
Operating and Maintenance Cost	\$ 5,490,056.00	
Debt Service	<u>438,041.00</u>	
Total Deductions		<u>5,928,097.00</u>
Excess in Revenues		<u><u>\$ 20,212.89</u></u>

BOROUGH OF FREEHOLD
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Unemployment</u> <u>Rate</u>	<u>Per Capita</u> <u>Income (1)</u>
2011	12.1%	N/A
2010	12.0%	N/A
2009	11.7%	N/A
2008	6.9%	\$ 56,755.00
2007	5.4%	54,801.00
2006	6.3%	51,455.00
2005	6.3%	47,724.00
2004	5.6%	46,066.00
2003	6.7%	43,207.00
2002	6.7%	42,975.00

N/A = Not Available.

(1) County of Monmouth Per Capita Income

BOROUGH OF FREEHOLD
MISCELLANEOUS STATISTICS
DECEMBER 31, 2011
(UNAUDITED)

Date of Incorporation	September 15, 1919
Form of Government	Borough
Area	1.9 square miles
Employees and Volunteers:	
Administrative	36
Police	28
Public Works & Water-Sewer Department	17
Volunteer Firemen	98
Volunteer First Aid Squad	28
Other	<u>15</u>
Total Employees and Volunteers	<u><u>222</u></u>

Source: Borough Records.

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AUDITOR'S COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE
ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$36,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and as of July 1, 2010 has increased its bid threshold to \$36,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Dump Truck W/Snow Plow, Pre Wet System and Spreader
Gasoline and Diesel Fuel
Road Improvements
Crosswalk and Sidewalk Improvements
Redevelopment of Well # 4
High Pressure Breathing Air System

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

CONTRACTS AND AGREEMENTS REQUIRED TO BE
ADVERTISED FOR (N.J.S.A. 40A:11-4 (CONTINUED))

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-14:

Borough Auditor
Engineering Services
Legal Services
Municipal Prosecutor
Public Defender

COLLECTION OF INTEREST ON DELINQUENT
TAXES AND ASSESSMENTS

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

The governing body on January 2, 2011 adopted a resolution authorizing interest to be charged on delinquent taxes and assessments. Interest at the rate of 8% per annum shall be charged on the first \$1,500.00 of the delinquency, and 18% on any amount in excess of \$1,500.00. Further, an additional penalty of 6% shall be charged on any delinquency at December 31 that exceeds \$10,000.00.

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

TAX TITLE LIENS

The last tax sale was held on June 29, 2011 and was complete.

An examination of the tax sale certificates revealed all certificates were on file and available for audit.

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

<u>YEAR</u>	<u>NUMBER</u>
2011	3
2010	4
2009	2

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

VERIFICATION OF DELINQUENT TAXES
AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2012 Taxes	25
Payments of 2011 Taxes	25
Delinquent Taxes	25
Payment of Water/Sewer Utility Charges	25
Delinquent Water/Sewer Utility Charges	25

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

RECOMMENDATION

None



