

TOWNSHIP OF WALL

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2012**



**TOWNSHIP OF WALL
COUNTY OF MONMOUTH**

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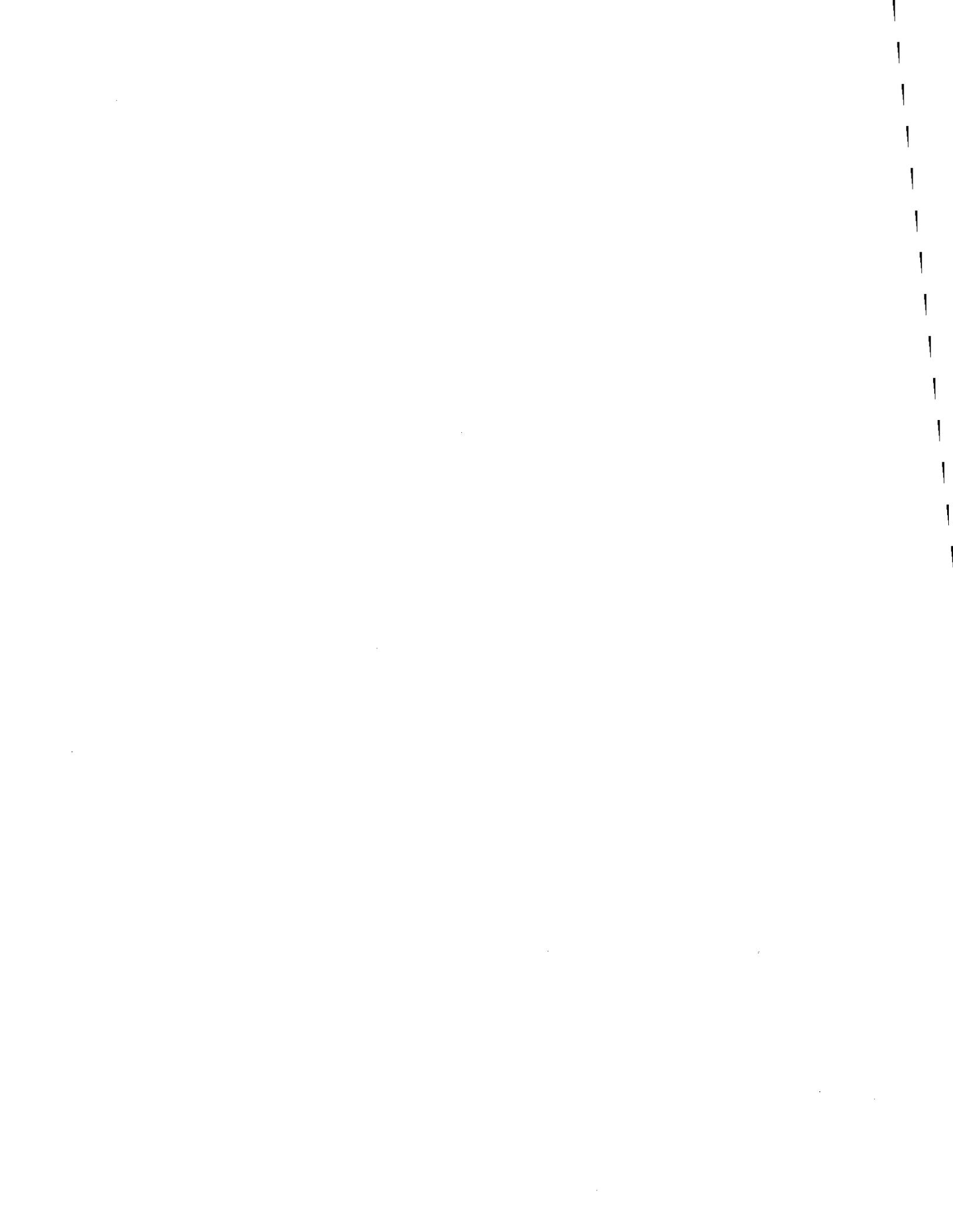
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**TOWNSHIP OF WALL
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**





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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Wall
County of Monmouth
Wall, New Jersey 07719

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As discussed in Note 1 to the financial statements, except for the omission of a Statement of General Fixed Assets, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Disclaimer of Opinion on General Fixed Assets

The Township has not completed its Fixed Assets inventory and has not prepared as Statement of Fixed Assets as of December 31, 2012.

Disclaimer of Opinion on General Fixed Assets

Due to the fact that we were unable to audit a Statement of General Fixed Assets for the year ending December 31, 2012, we do not express an opinion of the General Fixed Assets financial statements.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund (“LOSAP”)

As Discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township’s financial statements. The LOSAP financial activities are included in the Borough’s Trust Fund, and represent 3.57% and 2.85% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2012 and 2011.

Disclaimer of Opinion on Length of Service Award Program Fund (“LOSAP”)

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

Opinion on Regulatory Basis of Accounting

Furthermore, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP and General Fixed Assets financial statements been audited, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Wall, County of Monmouth, State of New Jersey, as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the revenues--regulatory basis, expenditures--regulatory basis of the various funds for

the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The accompanying schedule of expenditures of federal awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2013, on our consideration of the Township of Wall's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Wall's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.



Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
CR 483

Freehold, New Jersey
May 30, 2013



BASIC FINANCIAL STATEMENTS



**TOWNSHIP OF WALL
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	<u>2012</u>	<u>2011</u>
Current Fund:			
Cash	A-4	\$ 13,925,864	\$ 12,894,077
Cash - Change Funds	A-5	700	700
Petty Cash		400	200
Investments			2,000,000
Due from State of New Jersey:			
Senior Citizen & Veteran Deductions			750
Total		<u>13,926,964</u>	<u>14,895,727</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Taxes Receivable	A-6	2,690,264	2,153,371
Tax Title Liens Receivable	A-7	1,025,691	953,318
Foreclosed Property - Assessed Valuation	A	57,000	57,000
Revenue Accounts Receivable	A-8	41,714	48,511
Due from:			
Water & Sewer Operating			6,260
Trust - Other	B	14,707	
Animal Control Trust	B	17,107	
Total Receivables & Other Assets With Full Reserves		<u>3,846,483</u>	<u>3,218,460</u>
Deferred Charges:			
Special Emergency 40A;4-55	A-19	1,500,000	
Total Deferred Charges		<u>1,500,000</u>	
Total Regular Funds		<u>19,273,447</u>	<u>18,114,187</u>
Federal & State Grants:			
Cash	A-4	307,507	279,943
Grants Receivable	A-23	20,779	64,216
Total Federal & State Grants		<u>328,286</u>	<u>344,159</u>
Total Assets		<u>\$ 19,601,733</u>	<u>\$ 18,458,346</u>

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

**TOWNSHIP OF WALL
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	<u>2012</u>	<u>2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 660,460	\$ 992,599
Encumbrance Payable	A-26	296,350	375,089
Tax Overpayments	A-10	6,637	27,573
Prepaid Taxes	A-11	726,373	817,238
Due to State of New Jersey for Senior Citizen & Veteran Deductions	A-12	3,660	
Due County for Added & Omitted Taxes	A-13	58,455	38,810
Local District School Taxes Payable	A-15	2,871,346	3,861,686
Tax Anticipation Note Payable	A-17	6,000,000	5,300,000
Special Emergency Note Payable	A-18	1,500,000	
Reserve for:			
Sale of Municipal Assets	A-20	913,121	902,928
State Aid	A-21	8,789	8,789
Superstorm Sandy	A-22	177,672	
Subtotal Regular Fund		<u>13,222,863</u>	<u>12,324,712</u>
Reserve for Receivables & Other Assets	A	3,846,483	3,218,460
Fund Balance	A-1	<u>2,204,101</u>	<u>2,571,015</u>
Total Regular Fund		<u>19,273,447</u>	<u>18,114,187</u>
Federal & State Grants:			
Encumbrance Payable	A-26	48,177	28,953
Unappropriated Reserves	A-24	112,375	170,726
Appropriated Reserves	A-25	167,734	144,480
Total Federal & State Grants		<u>328,286</u>	<u>344,159</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 19,601,733</u>	<u>\$ 18,458,346</u>

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

**TOWNSHIP OF WALL
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	REFERENCE	2012	2011
Revenue & Other Income Realized:			
Fund Balance Utilized	A-2	\$ 2,600,000	\$ 2,892,368
Miscellaneous Revenue Anticipated	A-2	6,455,797	6,517,653
Receipts From Delinquent Taxes	A-2	1,181,119	1,424,376
Receipts From Current Taxes	A-6	102,137,726	101,101,148
Nonbudget Revenue	A-2	1,887,852	1,564,779
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	616,034	268,506
Liquidation of Interfunds	A	6,260	1,992
Total Income		<u>114,884,788</u>	<u>113,770,822</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries & Wages	A-3	15,721,721	15,860,310
Other Expenses	A-3	9,289,882	7,656,748
Deferred Charges & Statutory Expenditures	A-3	4,007,099	4,319,163
Excluded From "CAPS":			
Operations:			
Salaries & Wages	A-3	142,455	140,687
Other Expenses	A-3	504,796	626,612
Capital Improvements	A-3	100,000	100,000
Municipal Debt Service	A-3	4,258,699	4,129,975
Local District School Tax	A-6	60,196,729	58,894,896
County Taxes	A-6	17,520,755	17,152,047
Due County for Added & Omitted Taxes	A-6	58,455	38,810
Special Fire District Taxes	A-6	2,343,635	2,468,008
Prior Year Senior Citizen Deductions Disallowed	A-12	7,476	
Creation of Interfund & Other Assets			6,260
Total Expenditures		<u>114,151,702</u>	<u>111,393,516</u>
Excess/(Deficit) in Revenue		<u>733,086</u>	<u>2,377,306</u>
Adjustment to Income Before Fund Balance:			
Expenditures Included Above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	1,500,000	
Statutory Excess to Fund Balance		2,233,086	2,377,306
Fund Balance January 1	A	<u>2,571,015</u>	<u>3,086,077</u>
Total		4,804,101	5,463,383
Decreased by: Utilization as Anticipated Revenue	A-2	<u>2,600,000</u>	<u>2,892,368</u>
Fund Balance December 31	A	<u>\$ 2,204,101</u>	<u>\$ 2,571,015</u>

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

**TOWNSHIP OF WALL
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 2,600,000		\$ 2,600,000	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	51,000		77,950	\$ 26,950
Other	30,000		71,256	41,256
Fees & Permits - Other	267,000		129,615	(137,385)
Fines & Costs - Municipal Court	676,000		749,580	73,580
Interest & Costs on Taxes	350,000		679,463	329,463
Interest on Investments & Deposits	31,000		41,174	10,174
Energy Receipts Tax	3,503,725		3,503,725	
Garden State Trust	11,839		8,789	(3,050)
Watershed Moratorium Offset Aid	8,789		11,839	3,050
Fees & Permits:				
Uniform Construction Code	562,000		528,046	(33,954)
Sea Girt Municipal Court	105,000		80,000	(25,000)
Capital Trust Surplus	250,000		250,000	
Excess Green Trust Proceeds	117,400		117,400	
Recycling Tonnage Grant	66,620		66,620	
Clean Communities Program	53,623		53,623	
Municipal Alliance Grant	18,800		18,800	
Drug and Alcohol Abuse Program				
Monmouth County	33,500		33,500	
Reserve for DWI Funds	23,735		23,735	
Bulletproof Vest Partnership		\$ 5,070	5,070	
Body Armor		5,612	5,612	
Total Miscellaneous Revenues	6,160,031	10,682	6,455,797	285,084
Receipts From Delinquent Taxes	950,000		1,181,119	231,119
Local Tax for Municipal Purposes	25,118,751		24,274,510	(844,241)
Budget Totals	34,828,782	10,682	34,511,426	(328,038)
Nonbudget Revenues			1,887,852	1,887,852
Total	\$ 34,828,782	\$ 10,682	\$ 36,399,278	\$ 1,559,814

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

**TOWNSHIP OF WALL
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 102,137,726
Less: School, County Taxes, Special District & Open Space	<u>80,178,029</u>
Balance for Support of Municipal Budget Appropriations	21,959,697
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>2,314,813</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 24,274,510</u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	<u>1,181,119</u>
Total Receipts From Delinquent Taxes	<u>\$ 1,181,119</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Receipts:	
Cable Franchise Fees	\$ 374,294
Police Fees	30,980
Rents	186,963
Payment in Lieu of Taxes	127,927
EMT Fees	405,642
Towing Fees	53,573
Recycling Fees	146,348
Refunds	1,003
Motor Vehicles Fees	6,260
Hotel Tax	153,577
Insurance Dividend	100,091
Auction	18,699
Storm Damage	11,305
Senior Citizen and Veterans Administrative Fees	2,824
FEMA Reimbursements - Irene	212,157
Miscellaneous	<u>56,209</u>
Total	<u>\$ 1,887,852</u>

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

TOWNSHIP OF WALL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATIONS	APPROPRIATIONS		PAID OR CHARGED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
Administrative & Executive:						
General Administration:						
Salaries and Wages	\$ 179,682	\$ 179,682	\$ 179,682			
Other Expenses	21,500	21,500	21,439		\$ 61	
Mayor & Committee:						
Salaries and Wages	22,500	22,500	22,500			
Municipal Clerk:						
Salaries and Wages	146,090	146,090	146,090			
Other Expenses	21,500	21,500	21,498		2	
Financial Administration (Treasury):						
Salaries and Wages	199,907	199,907	199,907			
Other Expenses	46,000	46,000	44,636	\$ 573	791	
Tax Assessment Administration:						
Salaries and Wages	221,856	221,856	210,422		11,434	
Other Expenses	18,000	18,000	10,462	5,820	1,718	
Tax Appeals	55,000	55,000	50,968	942	3,090	
Revenue Administration (Tax Collection):						
Salaries and Wages	209,051	209,051	163,348		45,703	
Other Expenses	16,500	16,500	9,823	1,970	4,707	
Legal Services (Legal Department):						
Other Expenses	225,000	225,000	209,657	3,586	11,757	
Municipal Prosecutor's Office:						
Salaries and Wages	31,000	31,000	30,000		1,000	
Engineering Services:						
Other Expenses	35,000	35,000	(538)		35,538	
Engineering and Land Use:						
Salaries and Wages	455,912	455,912	455,912			
Other Expenses	147,000	147,000	102,656	1,902	42,442	
Youth Center:						
Salaries and Wages	122,072	180,072	177,070		3,002	
Other Expenses	8,750	8,750	7,605	708	437	
Animal Control & Board of Health:						
Other Expenses	51,700	49,000	49,000			
Insurance:						
General Liability	290,250	290,250	273,829		16,421	
Worker's Compensation	384,750	384,750	340,556		44,194	
Employee Group Insurance	2,470,259	2,470,259	2,468,511		1,748	
Police:						
Salaries and Wages	8,637,000	8,637,000	8,633,645		3,355	
Other Expenses	625,000	641,000	513,671	126,526	803	
Welfare/Administration of Public Assistance:						
Salaries and Wages	12,975	12,975	12,859		116	
Other Expenses	2,000	2,000	100		1,900	
Recreation Services and Programs:						
Salaries and Wages	40,818	40,818	40,818			
Other Expenses	57,000	57,000	56,599	132	269	
Operations:						
Salaries and Wages	838,448	838,448	838,448			
Other Expenses	265,000	265,000	205,512	59,488		
Street & Roads Maintenance:						
Salaries and Wages	1,985,460	1,985,460	1,985,460			
Other Expenses	247,500	247,500	171,993	65,922	9,585	
Street Lighting:						
Other Expenses	175,000	175,000	173,400		1,600	
Electricity:						
Other Expenses	275,000	275,000	274,735		265	
Gas (natural or propane):						
Other Expenses	110,000	110,000	54,045		55,955	
Water:						
Other Expenses	50,000	50,000	50,000			
Solid Waste Collection:						
Salaries and Wages	1,379,284	1,379,284	1,379,284			
Other Expenses	160,000	160,000	147,844	12,147	9	

TOWNSHIP OF WALL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS		PAID OR CHARGED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
Landfill/Solid Waste Disposal Costs:						
Other Expenses	1,000,000	1,000,000	799,582	9,289	191,129	
Open Space Maintenance:						
Other Expenses	50,000	50,000	50,000			
Aid to Volunteer Ambulance Companies:						
Other Expenses	30,000	30,000	30,000			
Gasoline:						
Other Expenses	450,000	556,000	547,022		8,978	
Telecommunication costs:						
Other Expenses	205,000	205,000	153,535		51,465	
Community Services Act (Condo Community Costs):						
Other Expenses	130,000	1,000	1,000			
Computer/Technology Maintenance:						
Other Expenses	25,000	25,000	20,505	4,228	267	
Hurricane Sandy:						
Other Expenses		1,500,000	1,500,000			
Uniform Construction Code Appropriations						
Offset by Dedicated Revenues:						
Construction Code Official:						
Salaries and Wages	729,943	729,943	726,732		3,211	
Other Expenses:	7,250	7,250	6,237	963	50	
Unclassified:						
Municipal Court:						
Salaries and Wages	451,723	451,723	381,594		70,129	
Other Expenses	19,000	19,000	17,222	1,011	767	
Historical Society:						
Other Expenses	3,500	3,500	3,500			
Environmental Committee:						
Other Expenses	2,700	2,700	1,492		1,208	
Alliance Grant - Matching Funds:						
Other Expenses	15,423	15,423	15,423			
Public Defender:						
Other Expenses	4,000	4,000			4,000	
Snow Removal Costs:						
Salaries and Wages	50,000	50,000	50,000			
Other Expenses	50,000	50,000	50,000			
Total Operation Within "CAPS"	23,463,303	25,011,603	24,087,290	295,207	629,106	
Detail:						
Salaries and Wages	15,663,721	15,721,721	15,583,771		137,950	
Other Expenses (including Contingent)	7,799,582	9,289,882	8,503,519	295,207	491,156	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"						
Statutory Expenditures:						
Public Employees Retirement System	992,297	941,297	939,262		2,035	
Social Security System (O.A.S.I.)	1,190,460	1,190,460	1,190,460			
Police & Fire Retirement System	1,874,045	1,874,045	1,874,045			
Defined Benefit Plan	1,297	1,297			1,297	
Total Deferred Charges & Statutory Expenditures Within "CAPS"	4,058,099	4,007,099	4,003,767		3,332	
Total General Appropriations for Municipal Purposes Within "CAPS"	27,521,402	29,018,702	28,091,057	295,207	632,438	

TOWNSHIP OF WALL
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		PAID OR CHARGED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
OPERATIONS EXCLUDED FROM "CAPS":						
Implementation of the Housing Element P.L. 195 - Chapter 222:						
Salaries and Wages	90,155	90,155	90,155			
Other Expenses	24,000	24,000	22,632	1,035	333	
Monmouth County 911:						
Other Expenses	52,000	52,000	32,748		19,252	
Public Employee's Retirement System	48,696	48,696	48,696			
LOSAP	20,000	20,000	12,950		7,050	
Shared Service Agreements:						
Monmouth County Regional Health Commission Ch. 329 P.L. 1975 Health Services Contra	198,363	201,063	199,568	108	1,387	
Public & Private Programs Offset by Revenues:						
Drug and Alcohol Abuse Program						
Monmouth County	33,500	33,500	33,500			
Alliance Grant	18,800	18,800	18,800			
Matching Funds	4,377	4,377	4,377			
Clean Communities	53,623	53,623	53,623			
Recycling Tonnage	66,620	66,620	66,620			
D.W.I. Enforcement Fund Reserve	23,735	23,735	23,735			
Bulletproof Vest Partnership		5,070	5,070			
Body Armor		5,612	5,612			
Total Operations Excluded from "CAPS"	633,869	647,251	618,086	1,143	28,022	
Detail:						
Salaries and Wages	142,455	142,455	142,455			
Other Expenses	491,414	504,796	475,631	1,143	28,022	
Capital Improvements - Excluded from "CAPS:						
Capital Improvement Fund	100,000	100,000	100,000			
Total Capital Improvements Excluded from "CAPS"	100,000	100,000	100,000			
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Principal	2,500,651	2,500,651	2,500,651			
Payment of Bond Anticipation Notes	281,580	281,580	281,580			
Interest on Bonds	811,364	811,364	811,364			
Interest on Notes	366,916	366,916	366,916			
Debt Service for Open Space Acquisition Including Green Acres:						
Payment of Bond Principal	258,879	258,879	258,879			
Interest on Bonds	39,309	39,309	39,309			
Total Municipal Debt Service Excluded from "CAPS"	4,258,699	4,258,699	4,258,699			
Total General Appropriations Excluded from "CAPS"	4,992,568	5,005,950	4,976,785	1,143	28,022	
Subtotal General Appropriations	32,513,970	34,024,652	33,067,842	296,350	660,460	
Reserve For Uncollected Taxes	2,314,813	2,314,813	2,314,813			
Total General Appropriations	\$ 34,828,783	36,339,465	35,382,655	296,350	660,460	

Budget	\$ 34,828,783
Appropriation by 40A:4-87	10,682
Added by Special Emergency	1,500,000
Total	\$ 36,339,465

Reserve for Uncollected Taxes	\$ 2,314,813
Appropriated Reserves for Federal & State Grants	206,960
Appropriation Refunds	(643,703)
Special Emergency - Transfer to Reserve	1,500,000
Cash Disbursements	32,004,585
Total	\$ 35,382,655

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

**TOWNSHIP OF WALL
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Animal Control Fund:			
Cash	B-1	\$ 69,035	\$ 52,639
Total Animal Control Fund		<u>69,035</u>	<u>52,639</u>
Other Funds:			
Cash	B-1	2,672,332	2,071,358
Due From:			
Water/Sewer Capital Fund	B-8	1,848,575	20,343
General Capital Fund			<u>2,727,449</u>
Total Other Funds		<u>4,520,907</u>	<u>4,819,150</u>
Length of Service Award Program Fund:			
("LOSAP") - Reviewed			
Investments	B-10	<u>163,556</u>	<u>142,753</u>
Total LOSAP		<u>163,556</u>	<u>142,753</u>
Total Assets		<u>\$ 4,753,498</u>	<u>\$ 5,014,542</u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Fund:			
Due to State of New Jersey	B-3		\$ 120
Due to Current Fund	B-4	\$ 17,107	
Reserve for Animal Control Expenditures	B-2	<u>51,928</u>	<u>52,519</u>
Total Animal Control Fund		<u>69,035</u>	<u>52,639</u>
Other Funds:			
Tax Title Liens	B-6	814,161	645,529
Due to Current Fund	B-7	14,707	
Various Other Reserves	B-5	<u>3,692,039</u>	<u>4,173,621</u>
Total Other Funds		<u>4,520,907</u>	<u>4,819,150</u>
Length of Service Award Program Fund:			
("LOSAP") - Unaudited			
Miscellaneous Reserves	B-11	<u>163,556</u>	<u>142,753</u>
Total LOSAP		<u>163,556</u>	<u>142,753</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 4,753,498</u>	<u>\$ 5,014,542</u>

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

EXHIBIT C

**TOWNSHIP OF WALL
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Grants Receivable	C-6	\$ 538,016	\$ 885,141
Deferred Charges to Future Taxation:			
Funded	C-3	16,647,406	19,423,428
Unfunded	C-4	<u>18,383,974</u>	<u>17,339,762</u>
 Total Assets		 <u>\$ 35,569,396</u>	 <u>\$ 37,648,331</u>
 LIABILITIES, RESERVES & FUND BALANCE			
Due To Trust Other	C-9		\$ 2,727,449
Due To Utility Assessment Trust	C-10	\$ 445,594	
Loans Payable	C-11	1,609,920	1,847,571
General Serial Bonds	C-12	15,037,487	17,575,857
Bond Anticipation Notes	C-13	13,299,000	10,435,920
Capital Improvement Fund	C-5	152,500	145,500
Improvement Authorizations:			
Funded	C-7	201,042	259,255
Unfunded	C-7	3,595,995	2,912,099
Encumbrances Payable	C-8	222,523	109,731
Reserve For:			
Debt Service - Greent Trust	C-15		117,400
Debt Service - Other	C-16	158,660	90,790
Route 34	C-17	250,000	250,000
Receivables	C	538,016	885,141
Fund Balance	C-1	<u>58,659</u>	<u>291,618</u>
 Total Liabilities, Reserves & Fund Balance		 <u>\$ 35,569,396</u>	 <u>\$ 37,648,331</u>

There was \$6,813,053 bonds and notes authorized but not issued on December 31, 2011 and \$5,084,973 as of December 31, 2012.

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

**TOWNSHIP OF WALL
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Operating Fund:			
Cash	D-4	\$ 613,195	
Due from Water & Sewer Capital Fund		20,140	\$ 631,635
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-6	922,706	645,327
Subtotal		1,556,041	1,276,962
Deferred Charge:			
Overexpenditure of Appropriation	D	6,260	6,260
Total Operating Fund		1,562,301	1,283,222
Utility Assessment Fund:			
Cash	D-8	1,307,546	
Investment in Special Emergency Notes	D	1,500,000	
Assessments Receivables	D-12	287,751	380,274
Assessments Liens Receivable	D-13	13,144	14,082
Due From Water/Sewer Utility Capital Fund	D		3,909,022
Due From General Capital Fund	C	445,594	
Total Utility Assessment Fund		3,554,035	4,303,378
Capital Fund:			
Prospective Assessments To Be Raised			
By Water/Sewer Utility Fund Revenue	D-17	68,000	68,000
Fixed Capital:			
Completed	D-14	43,216,151	43,216,151
Authorized & Uncompleted	D-15	6,336,000	6,336,000
Total Capital Fund		49,620,151	49,620,151
Total Assets		\$ 54,736,487	\$ 55,206,751

Bonds and Notes authorized but not issued as of December 31, 2012 was \$3,626,264 and as of December 31, 2011 was \$6,747,364.

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

**TOWNSHIP OF WALL
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	<u>2012</u>	<u>2011</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	\$ 226,737	\$ 250,588
Reserve for Encumbrances	D-18	11,849	52,367
Accrued Interest on Bonds & Notes	D-28	54,176	156,215
Due to Current Fund			<u>6,260</u>
Subtotal		<u>292,762</u>	<u>465,430</u>
Reserve for Receivables	D	922,706	645,327
Fund Balance	D-1	<u>346,833</u>	<u>172,465</u>
Total Operating Fund		<u>1,562,301</u>	<u>1,283,222</u>
Utility Assessment Fund:			
Serial Bonds Payable	D-26	2,387,338	2,735,590
Assessments Overpayments			43
Reserve For:			
Assessments Receivables	D-12	122,881	170,117
Assessments Lien Receivables	D	13,144	14,082
Fund Balance	D-7	<u>1,030,672</u>	<u>1,383,546</u>
Total Utility Assessment Fund		<u>3,554,035</u>	<u>4,303,378</u>
Capital Fund:			
Serial Bonds	D-23	2,244,176	2,909,553
Loans Payable	D-24	285,000	560,000
Bond Anticipation Notes Payable	D-25	4,127,000	1,007,000
Due To:			
Water/Sewer Utility Assessment Fund	D-29		3,909,022
Water/Sewer Operating Fund	D-30	20,140	631,635
Trust Fund	D-31	1,848,575	20,343
Improvement Authorizations:			
Funded	D-16	223,953	231,863
Unfunded	D-16	1,228,843	1,543,248
Encumbrances Payable	D-16	120,011	230,501
Reserve For:			
Prospective Assessments To Be Raised By Water/Sewer Utility Fund	D-17	68,000	68,000
Amortization	D-19	38,607,611	37,667,234
Sewer Extension	D-20	502	502
Deferred Reserve for Amortization	D-21	551,000	551,000
Capital Improvement Fund	D-22	203,400	203,400
Fund Balance	D-4	<u>91,940</u>	<u>86,850</u>
Total Capital Fund		<u>49,620,151</u>	<u>49,620,151</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 54,736,487</u>	<u>\$ 55,206,751</u>

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

**TOWNSHIP OF WALL
WATER/SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
Revenue & Other Income Realized:		
Water & Sewer Rents	\$ 10,796,964	\$ 11,029,978
Water/Sewer User Agreements	50,000	50,000
Miscellaneous	395,322	261,310
Water/Sewer Assessment Trust Surplus	400,000	400,000
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	181,942	180,946
Interfunds Created	20,140	
Total Revenue	11,844,368	11,922,234
Expenditures:		
Operating	10,328,704	10,270,293
Capital Improvements	75,000	75,000
Debt Service	1,135,126	1,282,890
Deferred Charges & Statutory Expenditures	131,170	141,077
Total Expenditures	11,670,000	11,769,260
Excess/(Defecit) in Revenue	174,368	152,974
Adjustment to Income Before Fund Balance:		
Expenditures Included Above which are by Statute		
Deferred Charges to Budget of Succeeding Year		6,260
Statutory Excess to Fund Balance	174,368	159,234
Fund Balance January 1	172,465	13,231
Balance December 31	\$ 346,833	\$ 172,465

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

TOWNSHIP OF WALL
 WATER/SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Water & Sewer Rents	\$ 11,020,000	\$ 10,796,964	\$ (223,036)
Water/Sewer Use Agreements	50,000	50,000	
Miscellaneous	200,000	395,322	195,322
Water /Sewer Assessment Trust Surplus	400,000	400,000	
	<u>\$ 11,670,000</u>	<u>\$ 11,642,286</u>	<u>\$ (27,714)</u>
Total Revenues			

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

TOWNSHIP OF WALL
 WATER/SEWER UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		PAID OR CHARGED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBRANCES	RESERVED
Operating:					
Salaries & Wages	\$ 1,092,800	\$ 1,092,800	\$ 1,037,717		\$ 55,083
Other Expenses	2,991,385	2,991,385	2,898,115	\$ 11,849	81,421
Sewer Treatment Costs	2,388,465	2,388,465	2,315,839		72,626
Water Treatment Costs	3,856,054	3,856,054	3,855,476		578
Total Operating	10,328,704	10,328,704	10,107,147	11,849	209,708
Capital Improvements:					
Capital Outlay	75,000	75,000	67,232		7,768
Total Capital Improvements	75,000	75,000	67,232		7,768
Debt Service:					
Payment of Bond Principal	956,098	956,098	956,098		
Interest on Bonds	158,888	158,888	158,888		
Interest on Notes	20,140	20,140	20,140		
Total Debt Service	1,135,126	1,135,126	1,135,126		
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	53,035	53,035	53,035		
Social Security System (O.A.S.I.)	78,135	78,135	68,874		9,261
Total Statutory Expenditures	131,170	131,170	121,909		9,261
Total Expenditures	\$ 11,670,000	\$ 11,670,000	\$ 11,431,414	\$ 11,849	\$ 226,737
Accrued Interest on Bonds			\$ 158,888		
Cash Disbursed			11,272,526		
Total			\$ 11,431,414		

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

**TOWNSHIP OF WALL
PUBLIC ASSISTANCE FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	<u>2012</u>	<u>2011</u>
Cash	E-1	\$ 21,718	\$ 46,705
Total Assets		<u>\$ 21,718</u>	<u>\$ 46,705</u>
 LIABILITIES, RESERVES & FUND BALANCE			
Reserve for Public Assistance		<u>21,718</u>	<u>46,705</u>
Total Liabilites, Reserves & Fund Balance		<u>\$ 21,718</u>	<u>\$ 46,705</u>

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

**TOWNSHIP OF WALL
COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

The accounting policies of the Township conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds:

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

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

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

Water/Sewer Operating and Capital Fund - is used to account for the operations and acquisition of infrastructure and other capital facilities, as well as long-term debt and debt service of the municipally-owned Water/Sewer Utility.

Public Assistance Fund - is used to account for resources restricted in use for the general welfare of citizens living within the Township.

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

I. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

General Fixed Assets Account Group - As of December 31, 2012, the Township has not complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land which is valued at estimated market value.

No depreciation is provided for in the financial statements.

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

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

C. Basis of Accounting

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

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

Revenues

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

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Township's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

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

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

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

D. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

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

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

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

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

I. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes (continued)

filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

F. Assessment and Collection of Property Taxes

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

G. Foreclosed Property

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

H. Interfund Receivables

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

I. Deferred Charges To Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

J. Pension Plans

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

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

I. Summary of Significant Accounting Policies (continued)

J. Pension Plans (continued)

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Township annually at an actuarially determinable rate for its required contribution. The Township's contributions to P.E.R.S and P.F.R.S. for the past three years are as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$ 987,958	\$ 1,874,045
2011	972,840	1,738,590
2010	779,922	893,156

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

- For PERS members, the employee pension contribution rate increased from 5.5% to 6.5% of salary. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary.
- For PERS Prosecutors Part members, the employee pension contribution rate increased from 8.5% to 10% of salary.
- For PFRS members, the employee pension contribution rate increased from 8.5% to 10% of salary.

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

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

Pension Contribution Deferral:

The State of New Jersey has enacted Public Law 2009, C.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to PFRS and the PERS which would have been due April 1, 2009. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. In 2010, the Township of Wall deferred \$825,285.00 for PFRS and \$303,394.00 for PERS.

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

K. Volunteer Length of Service Award Plan

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,000.00 per year of active emergency service, commencing with the year 2003. In addition, the Township contributed the maximum allowed by state statute for those members who have active service prior to 2003. In 2012, the contribution for those members was \$25,755.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2003.

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

Estimated Cost - The estimated cost of the program to the Township has been calculated to be approximately \$20,000.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

L. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. The New Jersey Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

Investments

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

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

I. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

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

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

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

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

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

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

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

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

M. Inventories of Supplies

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

N. Subsequent Events

The Township has evaluated subsequent events occurring after December 31, 2012 through the date of May 30, 2013, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2012, and reported at fair value are as follows:

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

2. Cash and Cash Equivalents (continued)

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 18,918,297
Total Deposits	<u>\$ 18,918,297</u>
Reconciliation of Statement of Comparative Balance Sheets:	
Current Fund	\$ 13,926,964
State & Federal Grant Fund	307,507
Animal Control Trust	69,035
Trust - Other	2,672,332
Utility Fund:	
Operating	613,195
Assessment Fund	1,307,546
Public Assistance Fund	<u>21,718</u>
Total	<u>\$ 18,918,297</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2012, the Authority's bank balance of \$18,728,662 was insured or collateralized as follows:

Insured	\$ 521,718.00
Collateralized in the Authority's Name Under GUDPA (See Note 4)	<u>18,206,944.00</u>
Total	<u>\$ 18,728,662.00</u>

3. Investments

Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's investments are held in the name of the Authority and are collateralized by GUDPA.

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

3. Investments (continued)

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2012, are provided in the above schedule.

Investment Credit Risk

The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2012, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Total Reported Value</u>
LOSAP	\$ 163,556	163,556	<u>\$ 163,556</u>
Total			<u>\$ 163,556</u>

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

4. Governmental Unit Deposit Protection Act (GUDPA)

The Authority has deposited cash in 2012 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Authority invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository.

The Authority should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

5. Interfund Balances and Activity

Balances due to/from other funds at December 31, 2012 consist of the following:

	Due From	Due To
Current Fund	\$ 14,855	
Grant Fund		
General Capital		\$ 445,594
Water & Sewer Operating	20,140	
Utility Trust Assessment	445,594	
Water & Sewer Capital		1,868,715
Trust Other	1,848,575	14,707
Animal Control		148
	\$ 2,329,164	\$ 2,329,164

The purpose of these interfunds are for short-term borrowings.

6. Taxes, Water Utility, Sewer Utility Receivables

Receivables at December 31, 2012 consisted of the following:

	Current Fund	Water/Sewer Utility Fund	Total
Property Taxes	\$ 3,715,955		\$ 3,715,955
Utility Rents		\$ 922,206	922,206

7. Long-Term Debt

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

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

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

7. Long-Term Debt (continued)

General Improvements	12/31/2007	\$ 8,224,000	Various	\$ 6,289,000
2011 Refunding Bonds	3/30/2011	2,495,900	Various	1,484,360
2012 Refunding Bonds	12/1/2012	2,220,000	4%	2,220,000
				\$ 15,037,487

Green Trust Loans

Hurley's Pond Park Acquisition	1/26/1988	\$ 450,000	2.00%	\$ 135,370
Municipal Park Addition	1/26/1988	1,000,000	2.00%	314,583
Open Space Acquisition	12/10/1999	2,250,000	2.00%	1,159,967
				\$ 1,609,920

Water/Sewer Capital Bonds

Refunding 1995 Bonds	12/21/2004	\$ 3,900,037	Various	\$ 1,458,536
Refunding Bonds - 2011	3/15/2011	1,240,100	Various	785,640
				\$ 2,244,176

Water/Sewer Utility Assessment Bonds

Special Assessment Bonds	12/21/2004	\$ 2,200,000	Various	\$ 500,000
Refunding Bonds - 2007	4/12/2007 #	2,120,180	Various	1,887,338
				\$ 2,387,338

Water/Sewer Utility Capital Loans

NJEIT	6/15/1905	\$ 3,404,672	4.8%	\$ 285,000
				\$ 285,000

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

7. Long-Term Debt (continued)

Schedule of Annual Debt Service Requirements
for All Years of Bonded Debt Issued and
Outstanding (Including Green Acres Loans)

Annual debt service for principal and interest for bonded debt issued and outstanding are as follows:

Calendar Year	General Debt		
	Principal	Interest	Total
2013	\$ 2,466,404	\$ 662,057	\$ 3,128,461
2014	2,352,689	560,789	2,913,478
2015	2,383,183	458,459	2,841,642
2016	1,268,327	352,551	1,620,878
2017	1,329,346	293,384	1,622,730
2018	1,186,858	231,364	1,418,222
2019	1,234,823	175,187	1,410,010
2020	777,857	124,214	902,071
2021	647,000	93,085	740,085
2022	681,000	59,118	740,118
2023	710,000	30,175	740,175
	<u>\$ 15,037,487</u>	<u>\$ 3,040,383</u>	<u>\$ 18,077,870</u>

Schedule of Annual Debt Service Requirements
for All Years of Bonded Debt Issued and Outstanding
(Including Assessment Debt and New Jersey
Environmental Infrastructure Trust Loans)

Annual debt service for principal and interest for bonded debt issued and outstanding are as follows:

Calendar Year	Water/Sewer Debt		
	Principal	Interest	Total
2013	\$ 691,972	\$ 96,645	\$ 788,617
2014	721,598	66,597	788,195
2015	830,606	35,198	865,804
	<u>\$ 2,244,176</u>	<u>\$ 198,440</u>	<u>\$ 2,442,616</u>

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

7. Long-Term Debt (continued)

Annual debt service for principal and interest for bonded debt issued and outstanding are as follows:

Calender Year	Water/Sewer Assessment Fund		
	Principal	Interest	Total
2013	\$ 510,625	\$ 109,632	\$ 620,257
2014	531,713	89,207	620,920
2015	290,211	65,809	356,020
2016	304,673	51,298	355,971
2017	318,654	36,064	354,718
2018	144,141	20,132	164,273
2019	143,177	12,924	156,101
2020	144,144	5,766	149,910
	<u>\$ 2,387,338</u>	<u>\$ 390,832</u>	<u>\$ 2,778,170</u>

Green Acres Trust Loan

During 1998, the Township was awarded a loan of \$450,000.00 under The New Jersey 1992 Green Trust Program for Hurley's Pond Park Acquisition. The loan transaction was accounted for in the General Capital Fund. During 2012, the Township repaid \$25,495 and \$3,090 of principal and interest, respectively, to the State of New Jersey. The remaining loan requirements are as follows:

Calender Year	Principal	Interest	Total
2013	\$ 26,007	\$ 2,578	\$ 28,585
2014	26,530	2,055	28,585
2015	27,063	1,522	28,585
2016	27,607	978	28,585
2017	28,162	423	28,585
	<u>\$ 135,369</u>	<u>\$ 7,556</u>	<u>\$ 142,925</u>

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

7. Long-Term Debt (continued)

During 1998, the Township was awarded a loan of \$1,000,000.00 under The New Jersey 1992 Green Trust Program for Municipal Park Addition. The loan transaction was accounted for in the General Capital Fund. During 2012, the Township repaid \$59,247 and \$7,182 of principal and interest, respectively, to the State of New Jersey. The remaining loan requirements are as follows:

<u>Calender Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 60,438	\$ 5,991	\$ 66,429
2014	61,653	4,776	66,429
2015	62,892	3,537	66,429
2016	54,156	2,273	56,429
2017	65,446	983	66,429
	<u>\$ 304,585</u>	<u>\$ 17,560</u>	<u>\$ 322,145</u>

During 1999, the Township was awarded a loan of \$2,250,000.00 under the New Jersey 1992 Green Trust Program for open space acquisition. The loan transaction was accounted for in the General Capital Fund. During 2011, the Township repaid \$149,895.93 and \$53,278.31 of principal and interest, respectively, to the State of New Jersey. The remaining loan requirements are as follows:

<u>Calender Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 155,982	\$ 47,192	\$ 203,174
2014	159,118	44,056	203,174
2015	162,316	40,858	203,174
2016	165,578	37,596	203,174
2017	168,906	34,268	203,174
2018	172,302	30,872	203,174
2019	175,765	57,409	233,174
	<u>\$ 1,159,967</u>	<u>\$ 292,251</u>	<u>\$ 1,452,218</u>

Water/Sewer Loans

In 1993, the Township entered into an agreement with the State of New Jersey Environmental Trust ("Trust") for a loan to construct wastewater treatment facilities (sewer) in the Manasquan Park section of the Township. The agreement provides an interest-bearing loan from the Trust not to exceed \$3,404,672.00 at interest rates ranging from 4.2% to 4.8% and a non-interest bearing loan note not to exceed \$3,341,095.00. The remaining loan requirements are as follows:

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

7. Long-Term Debt (continued)

Calender Year	NJEIT Trust Loan		
	Principal	Interest	Total
2013	\$ 285,000	\$ 6,641	\$ 291,641
	<u>\$ 285,000</u>	<u>\$ 6,641</u>	<u>\$ 291,641</u>

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

<u>Issued</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Bonds, Loans and Notes	\$ 29,946,407	\$ 29,859,348	\$ 30,648,290
Water/Sewer Utility Capital Bonds, Loans and Notes	6,656,176	4,476,553	5,426,454
Water/Sewer Utility Assessment Utility Bonds	<u>2,387,338</u>	<u>2,735,590</u>	<u>3,068,504</u>
Total Debt Issued	<u>38,989,921</u>	<u>37,071,491</u>	<u>39,143,248</u>
Less:			
Refunding Bonds Authorized Funds Temporarily Held To Pay Bonds and Notes	<u>2,220,000</u> <u>158,660</u>	<u>3,736,000</u> <u>208,190</u>	<u>6,865,000</u> <u>117,400</u>
Total Deductions	<u>2,378,660</u>	<u>3,944,190</u>	<u>6,982,400</u>
Authorized But Not Issued			
General Bonds and Notes	5,084,974	6,813,052	15,463,078
Water/Sewer Utility Bonds and Notes	<u>3,626,265</u>	<u>6,747,365</u>	<u>5,797,365</u>
Total Authorized But Not Issued	<u>8,711,239</u>	<u>13,560,417</u>	<u>21,260,443</u>
Total Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 45,322,500</u>	<u>\$ 46,687,718</u>	<u>\$ 53,421,291</u>

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

7. Long-Term Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.58%.

	Gross Debt	Deductions	Net Debt
School Purpose Debt	\$ 30,715,000	\$ 30,715,000	
Water/Sewer Utility Debt	12,780,878	12,353,164	\$ 427,714
General Debt	35,031,381	158,660	34,872,721
	\$ 78,527,259	\$ 43,226,824	\$ 35,300,435

Net Debt \$35,138,598 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,037,667,320 = 0.58%.

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

3.5 % of Equalized Valuation Basis (Municipal)	\$ 211,318,356
Less: Net Debt	35,300,435
Remaining Borrowing Power	\$ 176,017,921

8. Bond Anticipation Notes

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

8. Bond Anticipation Notes

At December 31, 2012, the Township had the following outstanding bond anticipation notes in the General Capital Fund:

<u>Ordinance Number</u>		<u>Original Issue Date</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
99-28,00-19,00-30 03-05,03-21,05-03	Various Improvements and Acquisition of Open Space	Various Capital 1	6/13/2013	1.50%	\$ 4,038,600
04-05,05-04,05-38	West Belmar Gateway	6/27/2007	6/13/2013	1.50%	959,610
2006-31	Construction of New Youth Center	6/27/2007	6/13/2013	1.50%	876,920
2009-38	Acquisition of Real Property	12/28/2009	6/13/2013	1.50%	2,437,870
2008-11	Various Capital Improvements	12/14/2011	6/13/2013	1.50%	3,111,000
2007-13	Acquisition of Real Property	6/14/2012	6/13/2013	1.50%	950,000
2009-33	Various Capital Improvements	6/14/2012	6/13/2013	1.50%	523,000
2011-06	Acquisition of Real Property	6/14/2012	6/13/2013	1.50%	<u>402,000</u>
					<u>\$ 13,299,000</u>

At December 31, 2012, the Township had the following outstanding bond anticipation notes in the Water/Sewer Utility Capital Fund:

<u>Number</u>		<u>Issue Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>
2003-10	18th Ave Sanitary Sewer Force Main Extensions	6/22/2010	6/13/2013	1.50%	\$ 570,000
2006-14	18th Ave Sanitary Sewer Force Main Extensions	6/22/2010	6/13/2013	1.50%	152,000
2007-26	Various Utility Improvements	6/22/2010	6/13/2013	1.50%	285,000
2003-09	Barbee Lane Improvements	6/14/2012	6/13/2013	1.50%	855,000
2002-08	Route 34 Improvements	6/14/2012	6/13/2013	1.50%	1,520,000
200-04	Allenwood Sewer Improvements	6/14/2012	6/13/2013	1.50%	<u>745,000</u>
					<u>\$ 4,127,000</u>

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

9. Bonds and Notes Authorized But Not Issued

At December 31, 2012, the Township of Wall had authorized but not issued bonds and notes of the General Capital Fund totaling \$5,084,973 and of the Water/Sewer Utility Fund totaling \$3,737,364.

10. Fund Balance Appropriated

The Current Fund balance at December 31, 2012 was \$2,204,101 of which \$2,000,000 was appropriated and included as anticipated revenue for the year ended December 31, 2013.

The Water/Sewer Utility Operating Fund balance at December 31, 2012 was \$346,833 of which \$266,000 was appropriated and included as anticipated revenue for the year ended December 31, 2013.

11. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits its employees to accumulate unused sick and vacation pay. The Township estimates the current cost of such unpaid compensation to be \$4,031,447 at December 31, 2012. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

12. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the State for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2012 and 2011 totaled \$196,181 and \$192,970 respectively.

13. Contingent Liabilities

State and Federal Grants:

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2012, the Township estimates that no material liabilities will result from such audits.

Tax Appeals:

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

13. Contingent Liabilities (continued)

At December 31, 2012, there are several tax appeals pending before the New Jersey Tax Court requesting a reduction of assessed valuation for year 2012. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from the Township's tax levy or through the issuance of refunding bonds per N.J.S. 40A:2-51. In accordance with National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, the Township charges to current fund operations or to tax appeal ordinances all State Board Judgments rendered during the year which will be paid from current expendable financial resources.

The Township's share of the County taxes paid on any successful tax appeal would result in appropriate reductions against the County tax levy of the following year.

Pending Litigation:

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

14. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the local unit tax collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

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

15. Risk Management

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

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

16. Deferred Compensation

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

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

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

17. Self-Insurance

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disaster. The Township is a member of the Monmouth County Municipal Joint Insurance Fund ("JIF"). The Joint Insurance pool is a public entity risk pool currently operating as a common risk management and insurance program for municipalities established for the purpose of insuring against property damage, general liability, motor vehicle and equipment liability and workers' compensation. While additional assessments on premiums can be levied by the JIF to assure payment of the Fund's obligations, no such additional premiums have been necessary as of December 31, 2012. The JIF is expected to be self-sustaining through member premiums, reported as an expenditure in the Township's financial statements and liabilities are based on the estimated ultimate cost of settling the claims. The JIF participates in the Municipal Excess Liability Program which has a contract for excess liability for property. The Township is not aware of any claims pending that have a demand in excess of these coverages.

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

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,000.00 per year of active emergency service, commencing with the year 2003. In addition, the Township contributed the maximum allowed by state statute for those members who have active service prior to 2003. In 2012, the contribution for those members was \$25,755.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2003.

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

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the

**TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012 and 2011

18. Length of Service Award Program (“LOSAP”) – Reviewed (continued)

emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

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

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

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

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

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

19. Deferred Charges to be Raised in Succeeding Years' Budgets

The following Deferred Charge is shown on the December 31, 2012 Water Sewer Utility Fund Balance Sheet and will be raised in succeeding years' budgets:

Overexpenditure of Appropriation	\$ 6,260
Special Emergency - Hurricane Sandy	<u>1,500,000</u>
Total Deferred Charges	<u><u>\$ 1,506,260</u></u>

19. FEMA

The Township of Wall expects FEMA to reimburse 75% of Superstorm Sandy’s expenses.

SUPPLEMENTARY EXHIBITS

CURRENT FUND



**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2012**

	CURRENT FUND	FEDERAL & STATE GRANT FUND
Balance December 31, 2011	\$ 12,894,077	\$ 279,943
Increased by Receipts:		
Taxes Receivable	\$ 102,534,550	
Prepaid Taxes	633,952	
Due State of New Jersey:		
Senior Citizens & Veterans Deductions	266,186	
Miscellaneous Revenue Not Anticipated	1,887,852	
Revenue Accounts Receivable	6,248,837	
Refund of Current Year Appropriations	643,703	
Tax Anticipation Note Payable	6,000,000	
Special Emergency Note Payable	1,500,000	
Investments	2,000,000	
Due Water & Sewer Operating	6,260	
Reserve for:		
Sale of Municipal Assets	10,193	
Federal & State Grants Receivable		\$ 95,736
Federal & State Grants Appropriated		19,799
Federal & State Grants Unappropriated		96,310
Total Receipts	121,731,533	211,845
Subtotal	134,625,610	491,788
Decreased by Disbursements:		
2012 Appropriations	32,004,585	
2011 Appropriation Reserves	751,654	
County Taxes Payable	17,579,210	
Added County Taxes	38,810	
Local School Taxes Payable	61,187,069	
Special Fire District Taxes Payable	2,343,635	
Tax Anticipation Note Payable	5,300,000	
Tax Overpayments	172,455	
Reserve for:		
Hurricane Sandy	1,322,328	
Federal & State Grants Appropriated		184,281
Total Disbursements	120,699,746	184,281
Balance December 31, 2012	\$ 13,925,864	\$ 307,507

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

OFFICE	AMOUNT
Tax Collector	\$ 300
Municipal Court	100
Board of Health	100
Police Department	<u>200</u>
Total	<u>\$ 700</u>

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2012**

YEAR	BALANCE	2012 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	TRANSFER TO TAX TITLE LIENS	CANCELED	BALANCE
	DECEMBER 31, 2011			2011	2012				DECEMBER 31, 2012
2007	\$ 142,632			\$ 12,496				\$ 130,136	
2008	167,834			23,805				144,029	
2009	171,363			10,574				160,789	
2010	181,421			(43,385)				\$ 54,844	
2011	1,490,121			1,177,629	\$ (7,476)	\$ 4,316		315,649	
Total	2,153,371			1,181,119	(7,476)	4,316		169,965	
2012		\$ 105,269,958	\$ 341,374	\$ 817,238	101,051,236	269,252	70,409	882,898	2,520,299
Total	\$ 2,153,371	\$ 105,269,958	\$ 341,374	\$ 817,238	\$ 102,232,355	\$ 261,776	\$ 74,725	\$ 1,688,345	\$ 2,690,264

ANALYSIS OF 2012 PROPERTY TAX LEVY

General Purpose Tax		\$ 105,269,958
Added & Omitted Taxes (54:4-6 et seq)		341,374
Total		<u>\$ 105,611,332</u>
TAX LEVY:		
Local District School Tax		\$ 60,196,729
County Taxes:		
County Tax	\$ 15,749,998	
County Library Tax	\$916,351	
County Open Space Preservation	\$912,861	
Due County for Added & Omitted Taxes	58,455	17,637,665
Special Fire District Tax		2,343,635
Local Tax for Municipal Purposes	25,118,751	
Add: Additional Taxes Levied	314,552	25,433,303
Total		<u>\$ 105,611,332</u>

TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011		\$	953,318
Increased by:			
Transfers From Taxes Receivable	\$	74,725	
Interest & Cost on Taxes		648	
Adjustments		(3,000)	72,373
			<hr/>
Balance December 31, 2012		\$	<u>1,025,691</u>

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	ACCRUED IN 2012	COLLECTED	BALANCE DECEMBER 31, 2012
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages		\$ 77,950	\$ 77,950	
Other		71,256	71,256	
Fees & Permits - Other		129,615	129,615	
Fines & Costs - Municipal Court	\$ 48,511	742,783	749,580	\$ 41,714
Interest & Costs on Taxes		672,666	679,463	
Interest on Investments & Deposits		41,174	41,174	
Energy Receipts Tax		3,503,725	3,503,725	
Garden State Trust		8,789	8,789	
Watershed Moratorium Offset Aid		11,839	11,839	
Fees & Permits:				
Uniform Construction Code		528,046	528,046	
Sea Girt Municipal Court		80,000	80,000	
Capital Trust Surplus		250,000	250,000	
Excess Green Trust Proceeds		117,400	117,400	
Total Anticipated Revenues	<u>\$ 48,511</u>	<u>\$ 6,235,243</u>	<u>\$ 6,248,837</u>	<u>\$ 41,714</u>

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS	ENCUMBERED	RESERVE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Administrative & Executive:					
General Administration:					
Other Expenses	\$ 73	\$ 8	\$ 81	\$ 73	\$ 8
Municipal Clerk:					
Other Expenses	350		350	350	
Financial Administration (Treasury):					
Other Expenses	1,250	1,460	2,710	1,294	1,416
Tax Assessment Administration:					
Salaries and Wages		4,382	4,382	4,382	
Other Expenses	1,529	5,400	6,929	3,470	3,459
Tax Appeals		36,556	36,556	1,576	34,980
Revenue Administration (Tax Collection):					
Salaries and Wages		36,858	36,858	4,464	32,394
Other Expenses	1,062	6,667	7,729	1,112	6,617
Legal Services (Legal Department):					
Other Expenses	3,428	5,856	9,284	5,882	3,402
Municipal Prosecutor's Office:					
Salaries and Wages		1,000	1,000		1,000
Engineering Services:					
Other Expenses		18,093	18,093		18,093
Engineering and Land Use:					
Salaries and Wages	1,150	26,061	27,211	10,399	16,812
Other Expenses	1,134	69	1,203	966	237
Youth Center:					
Salaries and Wages		40,959	40,959	5,581	35,378
Other Expenses	237	420	657	237	420
Animal Control & Board of Health:					
Other Expenses	159	2,111	2,270	318	1,952
Insurance:					
General Liability		18,162	18,162	2,500	15,662
Police:					
Salaries and Wages		136,550	136,550	136,550	
Other Expenses	112,447	6,701	119,148	103,434	15,714
Welfare/Administration of Public Assistance:					
Salaries and Wages		249	249		249
Other Expenses	395	1,449	1,844	395	1,449
Recreation Services and Programs:					
Other Expenses	314		314		314
Operations:					
Salaries and Wages		14,178	14,178	14,178	
Other Expenses	32,972	69	33,041	23,991	9,050
Street & Roads Maintenance:					
Salaries and Wages		6,336	6,336	6,336	
Other Expenses	89,449	1,116	90,565	85,921	4,644
Street Lighting:					
Other Expenses		80,624	80,624	11,872	68,752
Electricity:					
Other Expenses		101,740	101,740		101,740
Gas (natural or propane):					
Other Expenses		45,309	45,309	14,647	30,662

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS	ENCUMBERED	RESERVE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Solid Waste Collection:					
Salaries and Wages		24,489	24,489	24,489	
Other Expenses	18,873	5	18,878	11,162	7,716
Landfill/Solid Waste Disposal Costs:					
Other Expenses	91,587	149,926	241,513	149,920	91,593
Open Space Maintenance:					
Other Expenses	13,539		13,539	13,539	
Gasoline:					
Other Expenses		34,945	34,945	34,945	
Telecommunication costs:					
Other Expenses		18,271	18,271	9,258	9,013
Community Services Act (Condo Community Costs):					
Other Expenses		1,980	1,980		1,980
Computer/Technology Maintenance:					
Other Expenses	2,839	289	3,128	2,882	246
Uniform Construction Code Appropriations					
Offset by Dedicated Revenues:					
Construction Code Official:					
Salaries and Wages		21,073	21,073	13,708	7,365
Other Expenses:	458	533	991	440	551
Unclassified:					
Municipal Court:					
Salaries and Wages	300	46,976	47,276	8,185	39,091
Other Expenses	1,544	225	1,769	1,614	155
Environmental Committee:					
Other Expenses		2,526	2,526		2,526
Public Defender:					
Other Expenses		4,000	4,000		4,000
Snow Removal Costs:					
Other Expenses		22,014	22,014	22,014	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"					
Statutory Expenditures:					
Social Security System(O.A.S.I.)		28,010	28,010		28,010
Defined Benefit Plan		1,297	1,297		1,297
OPERATIONS EXCLUDED FROM "CAPS":					
Implementation of the Housing Element					
P.L. 195 - Chapter 222:					
Salaries and Wages		2,822	2,822		2,822
Other Expenses		11	11		11
Monmouth County 911:					
Other Expenses		24	24		24
Public Employee's Retirement System					
LOSAP		12,805	12,805	12,805	
Employee Health Benefits		21,995	21,995	6,765	15,230
Total General Appropriations	\$ 375,089	\$ 992,599	\$ 1,367,688	\$ 751,654	\$ 616,034

EXHIBIT A-10

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	27,573
Increased by:		
Overpayments Created:		<u>151,519</u>
Subtotal		179,092
Decreased by:		
Refunded		<u>172,455</u>
Balance December 31, 2012	<u>\$</u>	<u>6,637</u>

EXHIBIT A-11

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011 (2012 Taxes)	\$	817,238
Increased by:		
Collections - 2012 Taxes	\$	633,952
Overpayments		<u>92,421</u>
Subtotal		1,543,611
Decreased by:		
Application to 2012 Taxes Receivable		<u>817,238</u>
Balance December 31, 2012 (2013 Taxes)	<u>\$</u>	<u>726,373</u>

TOWNSHIP OF WALL
 CURRENT FUND
 SCHEDULE OF DUE TO STATE OF NEW JERSEY
 SENIOR CITIZENS & VETERANS DEDUCTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011	\$	750
Increased by:		
Senior Citizens' Deductions per Tax Billing	\$	25,500
Veterans' Deductions per Tax Billing		243,500
Granted By Tax Collector - 2012		2,375
Granted By Tax Collector - 2011		125
		<u>271,500</u>
Subtotal		272,250
Decreased by:		
Deductions Disallowed By Collector - 2012		2,123
Deductions Disallowed By Collector - 2011		7,601
Cash Received		266,186
		<u>275,910</u>
Balance December 31, 2012	\$	<u>(3,660)</u>

EXHIBIT A-13

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF DUE COUNTY FOR ADDED & OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	38,810
Increased by:		
County Share of 2012 Levy		58,455
Subtotal		97,265
Decreased by:		
Payments		38,810
Balance December 31, 2012	\$	58,455

ANALYSIS OF BALANCE DECEMBER 31, 2012

Rollback Taxes (2009)	\$	809
Rollback Taxes (2010)		2,376
Rollback Taxes (2011)		2,409
Rollback Taxes (2012)		1,556
Added Taxes (2011)		753
Added Taxes (2012)		49,695
Omitted/Added Taxes (2011)		857
Total	\$	58,455

EXHIBIT A-14

**SCHEDULE OF DUE COUNTY TAXES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	-
Increased by:		
County Share of 2012 Levy:		
County Tax	\$ 15,749,998	
County Library Tax	916,351	
County Open Space Fund Tax	912,861	17,579,210
Subtotal		17,579,210
Decreased by:		
Payments		17,579,210
Balance December 31, 2012	\$	-

EXHIBIT A-15

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011:	
School Tax Payable	\$ 3,861,686
Increased by:	
Levy Calendar Year 2012	<u>60,196,729</u>
Subtotal	64,058,415
Decreased by:	
Cash Disbursements	<u>61,187,069</u>
Balance December 31, 2012:	<u><u>\$ 2,871,346</u></u>
Local District School Tax Liability:	
Cash Payments	61,187,069
School Tax Payable December 31, 2011	<u>(3,861,686)</u>
Total	57,325,383
School Tax Payable December 31, 2012	<u>2,871,346</u>
Amount Charged to 2012 Operations	<u><u>\$ 60,196,729</u></u>

EXHIBIT A-16

**SCHEDULE OF SPECIAL FIRE DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ -
Increased by:	
2012 Levy:	
Fire District #1	\$ 362,095
Fire District #2	980,619
Fire District #3	<u>1,000,921</u>
Subtotal	2,343,635
Decreased by:	
Payments	<u>2,343,635</u>
Balance December 31, 2012	<u><u>\$ -</u></u>

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF TAX ANTICIPATION NOTE PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

DESCRIPTION	ORIGINAL DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2011	INCREASE	DECREASE	BALANCE DECEMBER 31, 2012
Tax Anticipation Note	4/17/09	4/13/13	3.75%	\$ 5,300,000	6,000,000	5,300,000	6,000,000
				<u>\$ 5,300,000</u>	<u>6,000,000</u>	<u>5,300,000</u>	<u>6,000,000</u>

**SCHEDULE OF SPECIAL EMERGENCY NOTE PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

DESCRIPTION	ORIGINAL DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2011	INCREASE	DECREASE	BALANCE DECEMBER 31, 2012
Emergency Note Payable	12/28/12	12/20/13	N/A	\$ -	\$ 1,500,000		\$ 1,500,000
				<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>

TOWNSHIP OF WALL
 CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-55
 FOR THE YEAR ENDED DECEMBER 31, 2012

DESCRIPTION	ORIGINAL AMOUNT AUTHORIZED	1/5 OF AMOUNT AUTHORIZED	DATE	BALANCE DECEMBER 31, 2011	AUTHORIZED PER RESOLUTION	REDUCED IN 2012 BUDGET	BALANCE DECEMBER 31, 2012
Hurricane Sandy	\$ 1,500,000	\$ 300,000	12/12/12	\$ -	\$ 1,500,000		\$ 1,500,000
				\$ -	\$ 1,500,000	\$ -	\$ 1,500,000

EXHIBIT A-20

**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 902,928
Increased by:	
Sale of Municipal Assets	<u>10,193</u>
Balance December 31, 2012	<u><u>\$ 913,121</u></u>

EXHIBIT A-21

**SCHEDULE OF RESERVE FOR STATE AID
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2012 & 2011	<u><u>\$ 8,789</u></u>
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EXHIBIT A-22

**SCHEDULE OF RESERVE FOR SUPERSTORM SANDY
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ -
Increased by:	
Special Emergency Appropriation Authorized	<u>1,500,000</u>
Subtotal	1,500,000
Decreased by:	
Cash Disbursements	<u>1,322,328</u>
Balance December 31, 2012	<u><u>\$ 177,672</u></u>

**TOWNSHIP OF WALL
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

PROGRAM	BALANCE DECEMBER 31, 2011	2012 ANTICIPATED REVENUE	RECEIVED	TRANSFER FROM UNAPPROPRIATED RESERVE	BALANCE DECEMBER 31, 2012
County of Monmouth: Drug Abuse Program		\$ 33,500	\$ 32,802		\$ 698
Interlocal Share	\$ 827		300		527
JAG	13				13
DWI Reserve		23,735		\$ 23,735	
Clean Communities Program		53,623		53,623	
Municipal Alliance on Alcohol & Drug Abuse	13,376	18,800	12,810		19,366
Recycling Tonnage Grant		66,620		66,620	
Body Armour Grant		10,682		10,682	
Canine Grant	50,000		49,825		175
Total All Grants	\$ 64,216	\$ 206,960	\$ 95,737	\$ 154,660	\$ 20,779
Original Budget		\$ 196,278			
Chapter 159		10,682			
Total		<u>\$ 206,960</u>			

**TOWNSHIP OF WALL
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANT	BALANCE DECEMBER 31, 2011	RECEIVED	ANTICIPATED AS REVENUE	BALANCE DECEMBER 31, 2012
State Grants:				
Clean Communities Program	\$ 53,623	\$ 52,687	\$ 53,623	\$ 52,687
Body Armour Grant	5,612	11,087	10,682	6,017
Violence Against Women Act	9,000			9,000
Smart Growth	10,000			10,000
Drug Abuse - Interlocal	2,135			2,135
Recycling Tonnage Grant	66,620	32,536	66,620	32,536
DWI Reserve	23,735		23,735	
Total Grants	\$ 170,725	\$ 96,310	\$ 154,660	\$ 112,375

TOWNSHIP OF WALL
 FEDERAL AND STATE GRANT FUND
 SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS
 AND MATCHING FUNDS - APPROPRIATED
 FOR THE YEAR ENDED DECEMBER 31, 2012

	BALANCE DECEMBER 31, 2011	TRANSFERRED FROM 2012 BUDGET APPROPRIATION	CASH RECEIPTS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	RESERVE FOR ENCUMBRANCES	ADJUSTMENT (CANCELED)	BALANCE DECEMBER 31, 2012
Municipal Alliance:								
State Share	\$ 7,433	\$ 18,800		\$ 2,425	\$ 28,724	\$ 265	\$ 449	\$ 118
Local Share	18,644		\$ 19,800		35,608	1,273	(449)	1,114
Alcohol Education & Rehabilitation Fund	5,917	33,500			39,417			
Juvenile Accountability Grant	1,124							1,124
Juvenile Accountability Grant	13							13
Drunk Driving Enforcement Fund	31,318	23,735		1,997	17,836			39,214
Clean Communities Program	41,900	53,623		15,269	15,454	35,654		59,684
Body Armour Grant	1,363	10,682		845	1,690	10,985		215
Violence Against Women Act	21,845				134			21,711
Matching Funds-2	587							587
Recycling Tonnage Grant	13,166	66,620		2,400	38,521			43,665
Canine Grant	1,170			6,016	6,897			289
Total All Funds	\$ 144,480	\$ 206,960	\$ 19,800	\$ 28,952	\$ 184,281	\$ 48,177	\$ -	\$ 167,734

Original Budget	\$ 196,278
Appropriation by 40A:4-87	<u>10,682</u>
Total	<u>\$ 206,960</u>

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**TOWNSHIP OF WALL
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011:			
Current Fund	\$	375,089	
Federal and State Grant Fund		28,952	404,041
			<hr/>
Increased by:			
Current Year Encumbrances:			
Current Fund - Appropriations		296,350	
Current Fund - Reserve for Hurricane Sandy			
Federal and State Grant Fund - Appropriated Grant Reserves		48,177	344,527
			<hr/>
Subtotal			748,568
Decreased by:			
Prior Year Encumbrances Reclassified:			
Current Fund - Appropriations		375,089	
Federal and State Grant Fund - Appropriated Grant Reserves		28,952	404,041
			<hr/>
Balance December 31, 2012			<u>\$ 344,527</u>

ANALYSIS OF BALANCE, DECEMBER 31, 2012

Current Fund:			
Appropriations	\$	296,350	
Reserve for Hurricane Sandy			
			<hr/>
Subtotal		296,350	
Federal & State Grant Fund - Appropriated Grant Reserves		48,177	
			<hr/>
Total			<u>\$ 344,527</u>

TRUST FUND

TOWNSHIP OF WALL
TRUST FUND
SCHEDULE OF TRUST CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance December 31, 2011	\$ 52,639	\$ 2,071,358
Increased by Receipts:		
Due to State	\$ 3,082	
Animal Control Fees Collected	24,568	
Budget Appropriation	49,000	
Tax Title Liens		1,223,505
Accounts Receivable		
Due To/From:		
General Capital Fund		2,727,449
Current Fund	239	5,020
Various Reserves		7,645,102
	<u>76,889</u>	<u>11,601,076</u>
Total Receipts		
Subtotal	<u>129,528</u>	<u>13,672,434</u>
Decreased by Disbursements:		
Due to State	3,083	
Expenditures Under R.S. 4:19-15.11	57,410	
Tax Title Liens		1,054,873
Due To/From:		
Current Fund		
Water/Sewer Capital Fund		1,828,232
Various Reserves		8,116,997
	<u>60,493</u>	<u>11,000,102</u>
Total Disbursements		
Balance December 31, 2012	<u>\$ 69,035</u>	<u>\$ 2,672,332</u>

**TOWNSHIP OF WALL
TRUST - ANIMAL CONTROL FUND
SCHEDULE OF RESERVE (DEFICIT) FOR ANIMAL CONTROL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance (Deficit) December 31, 2011	\$	52,519
Increased by:		
Animal Control Fees Collected	\$	24,568
Budget Appropriation		49,000
Cancellation of Due to State		119
		<u>73,687</u>
Subtotal		126,206
Decreased by:		
Expenditures Under R.S.4:19-15,11:		<u>74,278</u>
Balance (Deficit) December 31, 2012	<u>\$</u>	<u>51,928</u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2011	\$ 25,839
2010	<u>26,089</u>
Total	<u>\$ 51,928</u>

EXHIBIT B-3

TOWNSHIP OF WALL
TRUST - ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011		\$	120
Increased by:			
Cash Receipts			<u>3,082</u>
Subtotal			3,202
Decreased by:			
Cash Disbursements	\$	3,083	
Cancellation of Due to State		<u>119</u>	<u>3,202</u>
Balance December 31, 2012		<u>\$</u>	<u>-</u>

EXHIBIT B-4

SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011		\$	-
Increased by:			
Interest Earned		239	
Other		<u>16,868</u>	<u>17,107</u>
Balance December 31, 2012		<u>\$</u>	<u>17,107</u>

TOWNSHIP OF WALL
TRUST FUND - OTHER
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012

	BALANCE DECEMBER 31, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	ADJUSTMENTS	BALANCE DECEMBER 31, 2012
Reserve For:					
Law Enforcement	\$ 57,906	\$ 7,001	\$ 19,401		\$ 45,506
Recreation	191,923	297,575	336,343		153,155
Public Defener	16,130	12,312	11,500		16,942
Developer's Escrow	2,364,101	338,672	498,513		2,204,260
Housing Trust	245,731	53,728	217,943		81,516
Hazmat Clean Up	42,082	5,178			47,260
Recycling	1,155				1,155
Snow Removal		122,014			122,014
Municipal Alliance	2,446	8,538	5,914		5,070
Unemployment Trust	192,970	37,908	34,697		196,181
Payroll Deductions	1,059,177	6,762,176	6,992,686	\$ (9,687)	818,980
Total	<u>\$ 4,173,621</u>	<u>\$ 7,645,102</u>	<u>\$ 8,116,997</u>	<u>\$ (9,687)</u>	<u>\$ 3,692,039</u>

EXHIBIT B-6

**TOWNSHIP OF WALL
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR REDEMPTION OF TAX TITLE LIENS & TAX SALE PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	645,529
Increased by:		
Cash Receipts		<u>1,223,505</u>
Subtotal		1,869,034
Decreased by:		
Cash Disbursements		<u>1,054,873</u>
Balance December 31, 2012	\$	<u><u>814,161</u></u>

EXHIBIT B-7

**SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	-
Increased by:		
Interest Earned	\$	5,020
Adjustments		<u>9,687</u>
		14,707
Balance December 31, 2012	\$	<u><u>14,707</u></u>

EXHIBIT B-8

**TOWNSHIP OF WALL
TRUST - OTHER FUND
SCHEDULE OF DUE FROM WATER/SEWER CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 20,343
Increased by:	
Cash Disbursements	<u>1,828,232</u>
Balance (Deficit) December 31, 2012	<u>\$ 1,848,575</u>

EXHIBIT B-9

**SCHEDULE OF DUE FROM GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 2,727,449
Decreased by:	
Cash Receipts	<u>2,727,449</u>
Balance December 31, 2012	<u>\$ -</u>

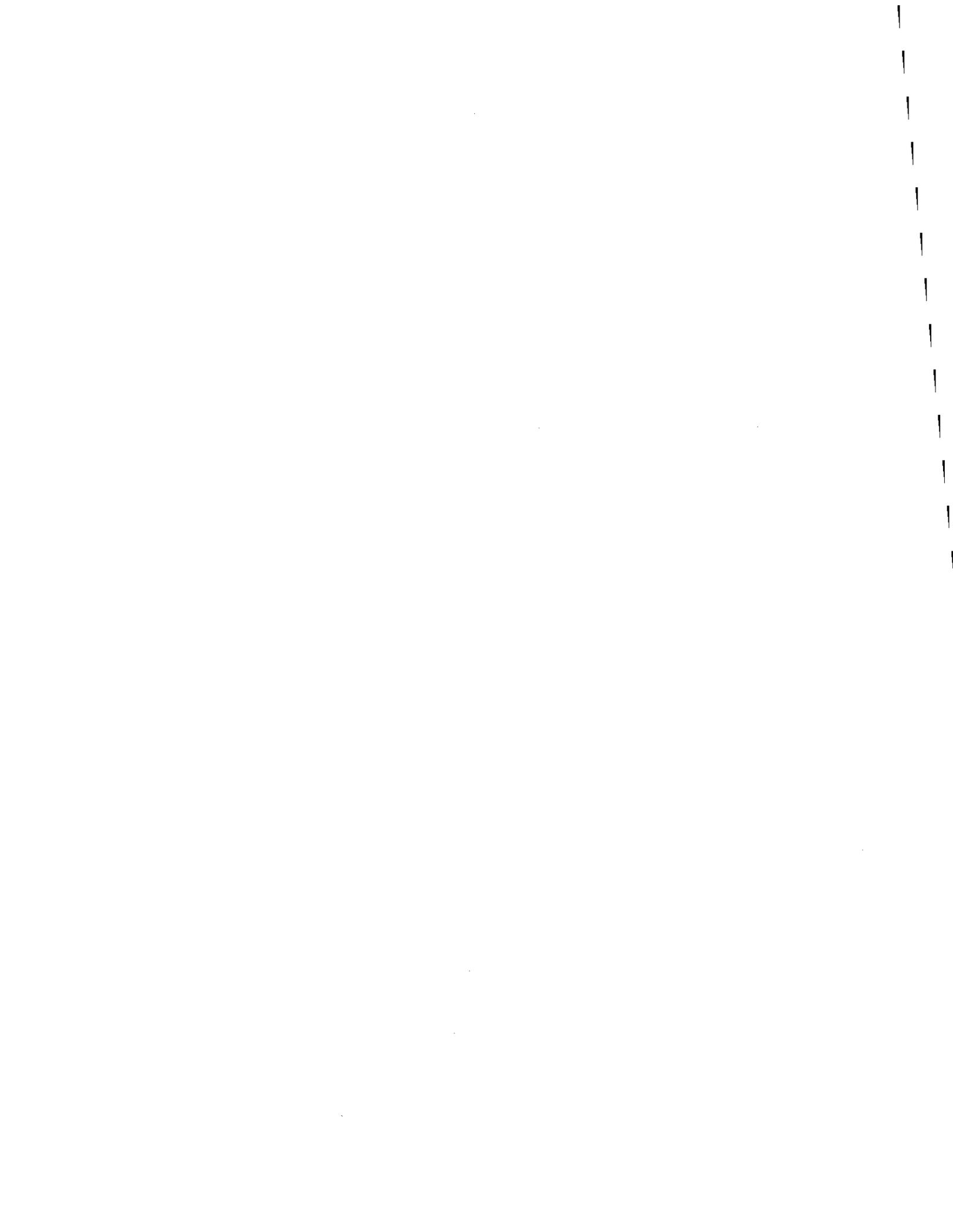
TOWNSHIP OF WALL
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011		\$	142,753
Increased by:			
Township Contributions	\$	25,755	
Appreciation on Investments		14,098	39,853
			<hr/>
Subtotal			182,606
Decreased by:			
Accounting Charges		950	
Withdrawals		18,100	19,050
			<hr/>
Balance (Deficit) December 31, 2012		<u>\$</u>	<u>163,556</u>

**TOWNSHIP OF WALL
 LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
 SCHEDULE OF MISCELLANEOUS RESERVES
 FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	142,753
Increased by:		
Township Contributions	\$	25,755
Appreciation on Investments		14,098
		<u>39,853</u>
Subtotal		182,606
Decreased by:		
Accounting Charges		950
Withdrawals		18,100
		<u>19,050</u>
Balance (Deficit) December 31, 2012	\$	<u><u>163,556</u></u>

GENERAL CAPITAL FUND



TOWNSHIP OF WALL
 GENERAL CAPITAL FUND
 SCHEDULE OF GENERAL CAPITAL CASH
 FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011		\$	-
Increased by Receipts:			
Premium on Sale of Notes	\$	17,041	
Bond Anticipation Notes		13,299,000	
Capital Improvement Fund		100,000	
Deferred Charges to Future Taxation - Unfunded		489,079	
Due To Utility Assessment Fund		445,594	
Reserve For B.A.N.s		281,580	14,632,294
Subtotal			14,632,294
Decreased by Disbursements:			
Bond Anticipation Notes		10,435,920	
Surplus Anticipated		367,400	
Improvement Authorizations		1,101,525	
Due Trust - Other		2,727,449	14,632,294
Balance December 31, 2012		\$	-

**TOWNSHIP OF WALL
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE (OVERDRAFT) DECEMBER 31, 2012
Fund Balance	\$ 58,659
Capital Improvement Fund	152,500
Reserve for Encumbrances	222,523
Due To Utility Assessment Fund	445,594
Reserve for Debt Service - Other	158,660
Reserve for Route 34	250,000
ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATION
95-12, 99-33,00-29	RCA (6,460)
1995-12	Various Improvements 91
03-05, 03-21, 05-03	and Acquisition of Open Space 53,603
2001-18	Various Improvements (68,552)
2002-06	Various Improvements 1,708
02-19, 02-23, 03-25	Acquisition of Sea Girt Inn 11,315
2003-34, 2006-15	Various Improvements (962,956)
2006-31	Construction of New Youth Center 804,310
2006-35	Various Improvements 93,740
2006-13, 2006-38	Police Building Renovations 527
2007-14	Various Improvements 50,000
2007-27	Various Improvements (330,907)
2008-11	Various Improvements 228,557
2009-16, 2012-09	Various Improvements (165,251)
2009-38	Aquisition of Real Property 68,694
2010-10	Various Improvements (831,244)
2010-16	Road Improvements to Baileys Corner Road (209,000)
2011-06	Aquisition of Real Property for Open Space 967
2011-16	Various Roadway Improvements (70,740)
2012-03	Various Improvements 43,662
	43,662
Total	\$ -

TOWNSHIP OF WALL
 GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
 FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011		\$ 19,423,428
Increased by:		
Refunding Bonds Issued		<u>2,220,000</u>
Subtotal		21,643,428
Decreased by:		
2012 Budget Appropriations:		
Serial Bonds Refunded	\$ 2,242,000	
Serial Bonds Payable	2,516,371	
Green Acres Loan Payable	<u>237,651</u>	<u>4,996,022</u>
Balance December 31, 2012		<u>\$ 16,647,406</u>

TOWNSHIP OF WALL
 GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
 FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	DESCRIPTION	BALANCE DECEMBER 31, 2011	INCREASED BY IMPROVEMENT AUTHORIZATIONS	B.A.N. PAID BY BUDGET	PAID BY RESERVE FOR B.A.N.'s	FUNDED BY GREEN TRUST GRANT	BALANCE DECEMBER 31, 2012	ANALYSIS OF BALANCE		
								BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
91-12, 99-33, 00-29	RCA	\$ 6,461					\$ 6,461		\$ 6,461	
99-28, 00-19, 00-30, 03-05, 03-21, 05-03	Various Capital Improvements and Acquisition of Open Space	4,146,200		\$ 53,800	\$ 53,800		4,038,600	\$ 4,038,600		
2001-18	Acquisition of Real Property -	70,000					70,000		68,552	\$ 1,448
2003-34, 2006-15	Various Capital Improvements	967,951					967,951		962,956	4,995
2004-3, 2005-4, 2005-38	West Bohmer Gateway	984,870		12,630	12,630		959,610	959,610		
2006-31	Construction of New Youth Center	925,640		24,360	24,360		876,920	876,920		
2007-13	Acquisition of Real Property	950,000					950,000	950,000		
2007-27	Various Capital Improvements	332,000					332,000		330,907	1,093
2008-11	Various Capital Improvements	3,111,000					3,111,000	3,111,000		
2009-16, 2012-9	Various Capital Improvements	1,114,976	\$ 213,000			\$ 489,079	838,897		165,250	673,647
2009-33	Various Capital Improvements	523,000					523,000	523,000		
2009-38	Acquisition of Real Property	2,470,000		32,130			2,437,870	2,437,870		
2010-10	Various Capital Improvements	1,045,000					1,045,000		831,244	213,756
2010-16	Road Improvements to Bailey's Corner Road	209,000					209,000		208,033	967
2011-06	Acquisition of Real Property - Open Space	402,000					402,000	402,000		
2011-16	Various Roadway Improvements	81,665					81,665		70,740	10,925
2012-03	Various Capital Improvements		1,534,000				1,534,000			1,534,000
Total		\$ 17,339,763	\$ 1,747,000	\$ 172,920	\$ 90,790	\$ 489,079	\$ 18,383,974	\$ 13,299,000	\$ 2,644,143	\$ 2,440,831
								Improvement Authorizations Unfunded		\$ 3,595,995
								Less - Unexpended Proceeds:		
								99-28, 00-19, 00-30, 03-05, 03-21, 05-03		304,676
								2006-31		779,950
								2009-38		70,538
								<u>\$ 2,440,831</u>		

**TOWNSHIP OF WALL
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 145,500
Increased by:	
2012 Budget Appropriation - Current Fund	<u>100,000</u>
Subtotal	245,500
Decreased by:	
Appropriated to Finance Improvements	<u>93,000</u>
Balance December 31, 2012	<u><u>\$ 152,500</u></u>

**TOWNSHIP OF WALL
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 885,141
Increased by:	
2012 Awards	<u>141,954</u>
Subtotal	1,027,095
Decreased by:	
Grants Received	<u>489,079</u>
Balance December 31, 2012	<u><u>\$ 538,016</u></u>

ANALYSIS OF BALANCE

NJDOT - Ramshorn Drive - Phase I	I/A #11-16	51,664
NJDOT - Bike Path Extension - Phase II	I/A #09-16	86,250
NJDEP - Ridge Road Sand Mine Acquisition	I/A #09-16	400,000
Homeland Security and Preparedness	I/A #09-16	<u>102</u>
		<u><u>\$ 538,016</u></u>

TOWNSHIP OF WALL
 GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2011		2012 AUTHORIZATIONS	PRIOR YEAR ENCUMBRANCES		RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2012	
			FUNDED	UNFUNDED		RECLASSIFIED	EXPENDED		FUNDED	UNFUNDED
1995-12	Various Improvements	\$ 2,000,000	\$ 91						\$ 91	
99-28, 00-19, 06-30	Various Improvements and									
03-05, 05-21, 05-03	Acquisition of Open Space	5,650,000		57,483			3,830			53,603
2001-18	Purchase of Computer Equipment	635,000		1,448						1,448
2002-06	Construction of Bike Paths	1,200,000	1,708						1,708	
02-19, 02-23, 02-25	Acquisition of Sea Girt Inn	1,500,000	11,315						11,315	
06-13, 06-35	Police Building Renovations	5,300,000	527						527	
03-34, 06-15	Various Capital Improvements	1,830,000		8,375			3,380			4,995
2004-24	Various Capital Improvements	400,000				213	213			
2006-31	Construction of New Youth Center	1,000,000		804,310		43,781		43,781		804,310
2006-35	Various Capital Improvements	1,500,000	93,740						93,740	
2007-14	Various Capital Improvements	1,500,000	50,000			3,170	3,170		50,000	
2007-27	Various Capital Improvements	350,000		215		878				1,093
2008-11	Various Capital Improvements	3,275,000		327,015		55,290	123,918	29,830		228,557
09-16, 12-09	Various Capital Improvements	1,930,000		1,000,465	225,000		485,704	66,114		673,647
2009-38	Acquisition of Real Property	2,600,000		70,538			1,844			68,694
2010-10	Various Capital Improvements	1,100,000		547,043		6,399	294,502	45,184		213,756
2011-06	Acquisition of Real Property for Open Space	425,000		13,542				12,575		967
2011-16	Various Roadway Improvements	200,000	101,874	81,665			172,614			10,925
2012-03	Various Improvements	1,615,000			1,615,000		12,300	25,039	43,661	1,534,000
Total			\$ 259,255	\$ 2,912,099	\$ 1,840,000	\$ 109,731	\$ 1,101,525	\$ 222,523	\$ 201,042	\$ 3,595,995

**TOWNSHIP OF WALL
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT C-8

Balance December 31, 2011	\$	109,731
Increased by:		
Charges to Improvement Authorization		222,523
Subtotal		332,254
Decreased by:		
Prior Year Balance Reappropriated		109,731
Balance December 31, 2012	\$	222,523

**SCHEDULE OF DUE/(TO) TRUST - OTHER FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT C-9

Balance December 31, 2011	\$	2,727,449
Decreased by:		
Cash Disbursements		2,727,449
Balance December 31, 2012	\$	-

**SCHEDULE OF DUE/(TO) UTILITY ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT C-10

Balance December 31, 2011	\$	-
Increased by:		
Cash Receipts		445,594
Balance December 31, 2012	\$	445,594

TOWNSHIP OF WALL
 GENERAL CAPITAL FUND
 SCHEDULE OF GREEN ACRES TRUST LOANS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2012

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF LOAN PRINCIPAL AND INTEREST DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2012
			DATE	AMOUNT				
Hurley's Pond Acquisition	01/26/88	\$ 450,000	05/29/13	\$ 12,939	2.00%	\$ 160,865	\$ 25,495	\$ 135,370
			11/29/13	13,068	2.00%			
			05/29/14	13,199	2.00%			
			11/29/14	13,331	2.00%			
			05/29/15	13,464	2.00%			
			11/29/15	13,599	2.00%			
			05/29/16	13,735	2.00%			
			11/29/16	13,872	2.00%			
			05/29/17	14,011	2.00%			
			11/29/17	14,151	2.00%			
Municipal Park Addition	01/26/88	\$1,000,000	04/30/13	30,068	2.00%	373,830	59,247	314,583
			10/30/13	30,369	2.00%			
			04/30/14	30,673	2.00%			
			10/30/14	30,980	2.00%			
			04/30/15	31,289	2.00%			
			10/30/15	31,602	2.00%			
			04/30/16	31,918	2.00%			
			10/30/16	32,237	2.00%			
			04/30/17	32,560	2.00%			
			10/30/17	32,886	2.00%			
Open Space Acquisition	12/10/99	\$2,250,000	04/13/13	77,549	2.00%	1,312,876	152,909	1,159,967
			10/13/13	78,433	2.00%			
			04/13/14	79,108	2.00%			
			10/13/14	80,010	2.00%			
			04/13/15	80,698	2.00%			
			10/13/15	81,618	2.00%			
			04/13/16	82,320	2.00%			
			10/13/16	83,258	2.00%			
			04/13/17	83,975	2.00%			
			10/13/17	84,932	2.00%			
			04/13/18	85,663	2.00%			
			10/13/18	86,639	2.00%			
			04/13/19	87,384	2.00%			
10/13/19	88,380	2.00%						
Total						\$ 1,847,571	\$ 237,651	\$ 1,609,920

TOWNSHIP OF WALL
 GENERAL CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES
 FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2011	INCREASED	DECREASED	BALANCE DECEMBER 31, 2012
99-28, 00-19, 00-30 00-30, 03-21, 05-03	Various Improvements and Acquisition of Open Space	06/27/07	6/14/12	6/13/13	1.50%	\$ 4,092,400	\$ 4,038,600	\$ 4,092,400	\$ 4,038,600
2004-5, 2005-4, 2005-38	West Belmar Gateway	06/27/07	6/14/12	6/13/13	1.50%	972,240	959,610	972,240	959,610
2006-31	Construction of New Youth Center	06/27/07	6/14/12	6/13/13	1.50%	901,280	876,920	901,280	876,920
2009-38	Acquisition of Real Property	12/28/09	6/14/12	6/13/13	1.50%	2,470,000	2,437,870	2,470,000	2,437,870
2008-11	Various Capital Improvements	12/14/11	6/14/12	6/13/13	1.50%	2,000,000	3,111,000	2,000,000	3,111,000
2007-13	Acquisition of Real Property	06/14/12	6/14/12	6/13/13	1.50%		950,000		950,000
2009-33	Various Capital Improvements	06/14/12	6/14/12	6/13/13	1.50%		523,000		523,000
2011-06	Acquisition of Real Property	06/14/12	6/14/12	6/13/13	1.50%		402,000		402,000
Total						<u>\$ 10,435,920</u>	<u>\$ 13,299,000</u>	<u>\$ 10,435,920</u>	<u>\$ 13,299,000</u>

Renewed	\$ 11,424,000
Issued	<u>1,875,000</u>
	<u>\$ 13,299,000</u>

Renewed	\$ 10,313,000
Paid by Budget	<u>122,920</u>
	<u>\$ 10,435,920</u>

TOWNSHIP OF WALL
 GENERAL CAPITAL FUND
 STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 AT DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	NOTES ISSUED	FUNDED BY GRANT MONIES	BALANCE DECEMBER 31, 2012
91-12, 99-33, 00-29	RCA	\$ 6,460				\$ 6,460
2001-18	Various Improvements	70,000				70,000
2003-34, 2006-15	Various Improvements	967,951				967,951
2007-13	Acquisition of Real Property	950,000		\$ 950,000		
2007-27	Various Improvements	332,000				332,000
2008-11	Various Improvements	1,111,000		1,111,000		
09-16, 09-33, 09-38, 12-09	Various Improvements	1,637,977	\$ 213,000	523,000	\$ 489,079	838,898
2010-10	Various Improvements	1,045,000				1,045,000
2010-16	Road Improvements to Baileys Corner Road	209,000				209,000
2011-06	Acquisition of Real Property for Open Space	402,000		402,000		
2011-16	Various Roadway Improvements	81,665				81,665
2012-03	Various Improvements		1,534,000			1,534,000
Total		\$ 6,813,053	\$ 1,747,000	\$ 2,986,000	\$ 489,079	\$ 5,084,974

EXHIBIT C-15

**TOWNSHIP OF WALL
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE - GREEN TRUST
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	117,400
Decreased by:		
Anticipated Revenue		<u>117,400</u>
Balance December 31, 2012	\$	<u><u>-</u></u>

EXHIBIT C-16

**SCHEDULE OF RESERVE FOR BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	90,790
Increased by:		
Receipts		<u>281,580</u>
Subtotal		372,370
Decreased by:		
Paydown of BAN Principal	\$	122,920
Reserve Applied in 2012		<u>90,790</u>
		213,710
Balance December 31, 2012	\$	<u><u>158,660</u></u>

EXHIBIT C-17

**SCHEDULE OF RESERVE FOR ROUTE 34
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011 & 2012	\$	<u><u>250,000</u></u>
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WATER/SEWER UTILITY FUND

TOWNSHIP OF WALL
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011	\$	86,850
Increased by Receipts:		
Premium on Sale of BAN's		<u>5,090</u>
Balance December 31, 2012	\$	<u>91,940</u>

TOWNSHIP OF WALL
 WATER/SEWER UTILITY ASSESSMENT FUND
 SCHEDULE OF REVENUES - ASSEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Assessment Cash Fund Balance	\$ 170,372	\$ 92,370	\$ (78,002)
	<u>177,880</u>	<u>177,880</u>	
Total Revenues	<u>\$ 348,252</u>	<u>\$ 270,250</u>	<u>\$ (78,002)</u>

TOWNSHIP OF WALL
WATER/SEWER UTILITY ASSESSMENT FUND
SCHEDULE OF EXPENDITURES - ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		PAID OR
	BUDGET	BUDGET AFTER MODIFICATION	CHARGED
			PAID
Payment of Bond Principal	\$ 348,252	\$ 348,252	\$ 348,252
Total Expenditures	\$ 348,252	\$ 348,252	\$ 348,252

**TOWNSHIP OF WALL
WATER/SEWER UTILITY ASSESSMENT FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	1,383,546
Increased by Receipts:			
Fund Balance Utilized	\$	177,880	
Collection of Unpledged Assessments		47,126	225,006
			<hr/>
Subtotal			1,608,552
Decreased by Disbursements:			
Anticipated Revenue:			
Utility Assessment Fund		177,880	
Operating Fund		400,000	577,880
			<hr/>
Balance December 31, 2012		\$	<u>1,030,672</u>

TOWNSHIP OF WALL
 WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF UTILITY CASH - TREASURER
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>OPERATING FUND</u>	<u>ASSESSMENT TRUST</u>	<u>CAPITAL FUND</u>
Balance December 31, 2011	\$ -	\$ -	\$ -
Increased by Receipts:			
Due To/From:			
Trust Fund			\$ 1,828,232
Water/Sewer Operating Fund			20,140
Water/Sewer Capital Capital Fund	\$ 631,635	\$ 3,909,022	
Premium on Sale of Bond Anticipation Notes			5,090
Consumer Accounts Receivable	10,796,964		
Sewer User Agreements	50,000		
Miscellaneous	395,322		
Water/Sewer Utility Assessment Surplus	400,000		
Assessment Overpayments			
Assessment Receivables		92,370	
Bond Anticipation Notes			4,127,000
	<u>\$ 12,273,921</u>	<u>\$ 4,001,392</u>	<u>\$ 5,980,462</u>
Subtotal	<u>\$ 12,273,921</u>	<u>\$ 4,001,392</u>	<u>\$ 5,980,462</u>
Total	<u>12,273,921</u>	<u>4,001,392</u>	<u>5,980,462</u>
Decreased by Disbursements:			
2012 Budget Appropriations	11,272,526		
2011 Appropriation Reserves	121,013		
Budgeted Revenue - Water/Sewer			
Utility Operating Fund		400,000	
Rent Overpayments			
Accrued Interest on Bonds	260,927		
Due To/From:			
Current Fund	6,260		
Water/Sewer Operating Fund			
Water/Sewer Capital Capital Fund			631,635
Water/Sewer Assessment Fund			3,909,022
General Capital Fund		445,594	
Assessment Bonds Paid		348,252	
Improvement Authorizations			432,805
Investment in Bond Anticipation Note		1,500,000	
Bond Anticipation Notes			1,007,000
	<u>11,660,726</u>	<u>2,693,846</u>	<u>5,980,462</u>
Total Disbursements	<u>11,660,726</u>	<u>2,693,846</u>	<u>5,980,462</u>
Balance December 31, 2012	<u>\$ 613,195</u>	<u>\$ 1,307,546</u>	<u>\$ -</u>

**TOWNSHIP OF WALL
WATER/SEWER UTILITY CAPITAL FUND
ANALYSIS OF WATER AND SEWER CAPITAL CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2012
Due to Trust Fund	\$ 1,848,575
Due To Water/Sewer Operating Fund	20,140
Reserve for Encumbrances	120,011
Reserve for Sewer Extension	502
Capital Improvement Fund	203,400
Fund Balance	91,940

ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATIONS	
1991-29	Hiddenbrook Sewer	13,405
1992-14	Manasquan Park Sewer and Southwest Sewer	(578,934)
1999-11	North Wall II	(569,044)
2002-05	Various Improvements	100,949
2003-10	Eighteenth Avenue Sanitary Sewer Force Main Extensions	1,476
2002-42	Sewer Extensions	(47,500)
2003-14	Improvements to the Route 34 Southbound - Devlin Gym Sanitary Sewer System	(145,080)
2003-20	Various Water and Sewer Improvements	69,509
2004-28	Improvements to Allenwood Sewer System	(126,987)
2004-36	Meeting House Road Sewer	(218,000)
2004-40	Barbee Lane Sanitary Sewer Extension	43,189
2004-41	Devlin Gym Sanitary Sewer System	(130,993)
2006-36	Mtg House Road Sewer	6,802
2006-37	Quaker Estates	(76,451)
2007-26	Improvements to Water/Sewer System	3,064
2009-17	Various Water Utility Improvements	(146,390)
2010-11	Water/Sewer Improvements	(523,673)
2011-23	Water/Sewer Improvements	40,090
	Total	\$ -

**TOWNSHIP OF WALL
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER AND SEWER RENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 645,327
Increased by:	
Water & Sewer Rents Levied	<u>11,074,343</u>
Subtotal	11,719,670
Decreased by:	
Collections	<u>10,796,964</u>
Balance December 31, 2012	<u><u>\$ 922,706</u></u>

**SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011		BALANCE AFTER	PAID OR	BALANCE
	ENCUMBERED	RESERVED			
Operations:					
Salaries & Wages		\$ 88,293	\$ 88,293	\$ 69,447	\$ 18,846
Other Expenses	\$ 14,576	400	14,976	14,607	369
Sewer Treatment Costs		72,666	72,666		72,666
Water Treatment Costs		111	111		111
Capital Improvements:					
Capital Outlay	37,791		37,791	36,959	832
Statutory Expenditures:					
Public Employees					
Retirement System		53,035	53,035		53,035
Social Security System (O.A.S.I.)		36,083	36,083		36,083
Total	<u>\$ 52,367</u>	<u>\$ 250,588</u>	<u>\$ 302,955</u>	<u>\$ 121,013</u>	<u>\$ 181,942</u>

TOWNSHIP OF WALL
 WATER/SEWER ASSESSMENT FUND
 SCHEDULE OF ASSESSMENTS RECEIVABLES
 FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	PROJECT	BALANCE		ADJUSTMENT/ (CANCELLATION)	BALANCE		PLEGED TO	
		DECEMBER 31, 2011	COLLECTED		DECEMBER 31, 2012	RESERVE	CAPITAL	
1989-42	Ocean Road	\$ 9,000			\$ 9,000	\$ 9,000		
1990-22	Wreck Pond	44,400			44,400		\$ 44,400	
1992-14	Southwest Hall	6,000			6,000	6,000		
1996-20	Hurley Pond Water	20,398	\$ 2,147		18,251	18,251		
1997-13	Hannabrand	41,437	4,845	\$ 1	36,593			36,593
1998-03	Hannabrand -Amd	16,588	3,880	2	12,710			12,710
2000-42	9 Allenwood	610		26	636			636
2002-07	Sewer Extensions	20,256	13,696	1	6,561			6,561
2002-43	Allenwood and Ridgewood	134,719	44,907	(182)	89,630	89,630		
2003-09	Barbee Lane	60,575	17,655	(1)	42,919			42,919
2003-14	Route 34 - Devlin Gyn Sewer Extension	26,291	5,240		21,051			21,051
		<u>\$ 380,274</u>	<u>\$ 92,370</u>	<u>\$ (153)</u>	<u>\$ 287,751</u>	<u>\$ 122,881</u>		<u>\$ 164,870</u>

TOWNSHIP OF WALL
WATER/SEWER UTILITY ASSESSMENT FUND
SCHEDULE OF WATER/SEWER UTILITY ASSESSMENT LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011	\$ 14,082
Decreased By:	
Adjustment to Liens Receivable	<u>938</u>
Balance December 31, 2012	<u>\$ 13,144</u>

**TOWNSHIP OF WALL
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF FIXED CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011 & 2012
Distribution Main Hydrants and Stand Pipes	\$ 910,712
Distribution Main	3,172,401
Equipment	292,741
Land	15,258
Meters, Boxes and Vaults	2,904,190
Water Plant	804,329
Pumping Station	57,303
Wells	1,131,799
Sewer Water Improvements	<u>33,927,418</u>
Total	<u>\$ 43,216,151</u>



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

The Honorable Mayor and Members
of the Township Committee
Township of Wall
County of Monmouth
Wall, New Jersey 07719

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Wall (herein referred to as "the Municipality"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated May 30, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Comment and Recommendation Section, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, which are described in the accompanying Comment and Recommendation Section as Finding No. 2012-01 and 2012-02.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies, which are described in the accompanying Comment and Recommendation Section as Finding No. 2012-03, 2012-04, 2012-05 and 2012-06.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Wall's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed five instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which is described in the General Comments and Recommendation Section as Finding No's: 2012-01, 2012-02, 2012-03, 2012-04, 2012-05 and 2012-06.

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.



Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
CR 483

Freehold, New Jersey
May 30, 2013

TOWNSHIP OF WALL
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF PROSPECTIVE ASSESSMENTS TO BE
 RAISED BY WATER/SEWER UTILITY FUND REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2012 & 2011
		TOTAL APPROPRIATED	DOWN PAYMENT	
2003-09	Barbee Lane Sanitary Sewer	\$ 900,000	\$ 45,000	\$ 45,000
2003-14	Route 34 Southbound - Devlin Gym Sanitary Sewer System	250,000	13,000	13,000
2004-41	Route 34 Southbound - Devlin Gym Sanitary Sewer System	200,000	10,000	10,000
				<u>\$ 68,000</u>

**TOWNSHIP OF WALL
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 52,367
Increased by:	
Charges to Improvement Authorizations	<u>11,849</u>
Subtotal	64,216
Decreased by:	
Prior Year Balance Reappropriated	<u>52,367</u>
Balance December 31, 2012	<u><u>\$ 11,849</u></u>

EXHIBIT D-19

**TOWNSHIP OF WALL
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 37,667,234
Increased by:		
Paid by Utility Operating Fund:		
Serial Bonds	\$ 665,377	
Loans Payable	275,000	940,377
Balance December 31, 2012		<u>\$ 38,607,611</u>

EXHIBIT D-20

**SCHEDULE OF RESERVE FOR SEWER EXTENSION
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2012 & 2011		<u>\$ 502</u>
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**TOWNSHIP OF WALL
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT D-21

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012 & 2011
2002-05	Various Improvements	\$ 16,500
2003-09	Barbec Lane	57,500
2003-10	18th Avenue Force Main	38,000
2003-14	Devlin Gym	23,000
2003-20	Various Improvements	37,000
2004-28	Improvements to Allenwood Sewer	13,000
2008-30	Sewer Vactor	245,000
2006-36	Mtg. House Sewer	12,000
2006-37	Quaker Estate Sewer	8,000
2007-26	Improvements to Water/Sewer System	15,000
2009-17	Various Water Utility Improvements	10,000
2010-11	Various Water Utility Improvements	28,000
2011-23	Various Water Utility Improvements	48,000
		<u>48,000</u>
		<u>\$ 551,000</u>

**SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT D-22

Balance December 31, 2011 & 2012

\$ 203,400

**TOWNSHIP OF WALL
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2011	DECREASED	BALANCE DECEMBER 31, 2012
			DECEMBER 31, 2012 DATE	AMOUNT				
2004 Refunding Bonds	12/21/04	\$ 3,900,037	07/15/13	\$ 464,432	5.000%	\$ 1,901,953	\$ 443,417	\$ 1,458,536
			07/15/14	487,548	5.000%			
			07/15/15	506,557	3.750%			
2011 Refunding Bonds	03/15/11	1,240,100	12/01/13	227,540	3.000%	1,007,600	221,960	785,640
			12/01/14	234,050	3.000%			
			12/01/15	324,050	5.000%			
Total						\$ 2,909,553	\$ 665,377	\$ 2,244,176

TOWNSHIP OF WALL
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS
FOR THE YEAR ENDED DECEMBER 31, 2012

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF LOANS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2011	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2012
			DECEMBER 31, 2012 DATE	AMOUNT				
Construction of Sanitary Sewer System in Manasquan Park System: Trust Loan	11/01/93	\$3,404,672	02/01/13	\$ 285,000	4.80%	\$ 560,000	\$ 275,000	\$ 285,000
					Total	\$ 560,000	\$ 275,000	\$ 285,000

TOWNSHIP OF WALL
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES
 FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORIGINAL DATE OF ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2011	INCREASED	DECREASED	BALANCE DECEMBER 31, 2012
2003-10	Eighteenth Avenue Sanitary Sewer Force Main Extensions	06/22/10	06/14/12	06/13/13	1.50%	\$ 570,000	\$ 570,000	\$ 570,000	\$ 570,000
2006-14	Eighteenth Avenue Sanitary Sewer Force Main Extensions	06/22/10	06/14/12	06/13/13	1.50%	152,000	152,000	152,000	152,000
2007-26	Various Utility Capital Improvements	06/22/10	06/14/12	06/13/13	1.50%	285,000	285,000	285,000	285,000
2003-09	Barbee Lane Improvements	06/14/12	06/14/12	06/13/13	1.50%		855,000		855,000
2002-08	Route 34 Improvements	06/14/12	06/14/12	06/13/13	1.50%		1,520,000		1,520,000
2000-04	Allenwood Sewer Improvements	06/14/12	06/14/12	06/13/13	1.50%		745,000		745,000
Total						<u>\$ 1,007,000</u>	<u>\$ 4,127,000</u>	<u>\$ 1,007,000</u>	<u>\$ 4,127,000</u>

**TOWNSHIP OF WALL
 WATER/SEWER UTILITY ASSESSMENT FUND
 SCHEDULE OF WATER/SEWER UTILITY ASSESSMENT TRUST BONDS
 FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	DECREASED	BALANCE DECEMBER 31, 2012
			DATE	AMOUNT				
Special Assessment Bonds Ordinances 2000-04, 2002-5	12/21/04	\$ 2,200,000	12/01/13	\$ 245,000	4.000%	\$ 734,000	\$ 234,000	\$ 500,000
			12/01/14	255,000	3.750%			
2007 Refunding Bonds	04/12/07	2,120,180	12/01/13	265,625	4.000%	2,001,590	114,252	1,887,338
			12/01/14	276,713	5.000%			
			12/01/15	290,211	5.000%			
			12/01/16	304,673	5.000%			
			12/01/17	318,654	5.000%			
			12/01/18	144,141	5.000%			
			12/01/19	143,177	5.000%			
			12/01/20	144,144	4.000%			
Total						\$ 2,735,590	\$ 348,252	\$ 2,387,338

TOWNSHIP OF WALL
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	<u>DECREASED BY</u> NOTES ISSUED	ADJUSTMENT	BALANCE DECEMBER 31, 2012
1992-14	Manasquan Park Sewer and Southwest Sewer	\$ 468,934		\$ 110,000	\$ 578,934
1999-11	North Wall II	627,750			627,750
00-04, 04-43	Allenwood Sewer Improvements (Assessment)	745,000	\$ 745,000		
2002-08	Sewer Extensions (Assessment)	798,000	798,000		
2002-12	Sewer Extensions (Assessment)	722,000	722,000		
2002-42	Sewer Extensions	47,500			47,500
2003-09	Barbee Lane Sanitary Sewer (Assessment)	618,600	618,600		
2004-40	Improvements to Barbee Lane Sanitary Sewer Extension (Assessment)	237,500	236,400		1,100
2003-14	Improvements to the Route 34 Southbound - Devlin Gym Sanitary Sewer System (Assessment)	145,080			145,080
2004-41	Improvements to the Route 34 Southbound - Devlin Gym Sanitary Sewer System (Assessment)	190,000			190,000
2004-28	Improvements to Allenwood Sewer System	127,000			127,000
2004-36	Meeting House Road Sewer	218,000			218,000
2006-37	Quaker Estates	137,000			137,000
2009-17	Various Water/Sewer Improvements	190,000			190,000
2010-11	Various Water/Sewer Improvements	525,000			525,000
2011-23	Various Water/Sewer Improvements	950,000			950,000
	Total	\$ 6,747,364	\$ 3,120,000	\$ 110,000	\$ 3,737,364

**TOWNSHIP OF WALL
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 156,215
Increased by:	
Budget Appropriation	<u>158,888</u>
Subtotal	315,103
Decreased by:	
Disbursed	<u>260,927</u>
Balance December 31, 2012	<u><u>\$ 54,176</u></u>

EXHIBIT D-29

**TOWNSHIP OF WALL
WATER/SEWER CAPITAL FUND
SCHEDULE OF DUE TO WATER/SEWER ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance (Deficit) December 31, 2011	\$ 3,909,022
Decreased by:	
Disbursements	<u>3,909,022</u>
Balance (Deficit) December 31, 2012	<u><u>\$ -</u></u>

EXHIBIT D-30

**SCHEDULE OF DUE TO WATER/SEWER OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance (Deficit) December 31, 2011	\$ 631,635
Increased by:	
Cash Receipts	<u>20,140</u>
Subtotal	651,775
Decreased by:	
Disbursements	<u>631,635</u>
Balance (Deficit) December 31, 2012	<u><u>\$ 20,140</u></u>

EXHIBIT D-31

**SCHEDULE OF DUE TO TRUST - OTHER FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 20,343
Increased by:	
Cash Receipts	<u>1,828,232</u>
Balance December 31, 2012	<u><u>\$ 1,848,575</u></u>

PUBLIC ASSISTANCE FUND

TOWNSHIP OF WALL
PUBLIC ASSISTANCE FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011		\$	46,705
Increased by:			
State Aid for Public Assistance	\$	18,400	
Supplementary Security Income		17,418	
Miscellaneous		6,824	42,642
			<hr/>
Subtotal			89,347
Decreased by:			
Public Assistance - 2012		67,074	
Bank Fees		555	67,629
			<hr/>
Balance December 31, 2012		\$	<u>21,718</u>

**TOWNSHIP OF WALL
PUBLIC ASSISTANCE FUND
SCHEDULE OF PUBLIC ASSISTANCE REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
State Aid Payments	\$ 18,400	\$ 18,400
Supplemental Security Income	17,418	17,418
Miscellaneous	<u>6,824</u>	<u>6,824</u>
Total Revenues	<u>\$ 42,642</u>	<u>\$ 42,642</u>

TOWNSHIP OF WALL
PUBLIC ASSISTANCE FUND
SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
Payment for Current Year Assistance (Reported):		
Maintenance Payment	\$ 22,876	\$ 22,876
Temporary Rental Assistance	43,298	43,298
Shelter/Motel Housing	675	675
Work Related Expenses	<u>225</u>	<u>225</u>
Total Payments Reported	<u>67,074</u>	<u>67,074</u>
Total Disbursements	<u>\$ 67,074</u>	<u>\$ 67,074</u>

SINGLE AUDIT SECTION





**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 Township Committee
Township of Wall
County of Monmouth
Wall, New Jersey 07719

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Wall (herein referred to as "the Municipality"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated May 30, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Comment and Recommendation Section, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, which are described in the accompanying Comment and Recommendation Section as Finding No. 2012-01 and 2012-02.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies, which are described in the accompanying Comment and Recommendation Section as Finding No. 2012-03, 2012-04, 2012-05 and 2012-06.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Wall's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed five instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which is described in the General Comments and Recommendation Section as Finding No's: 2012-01, 2012-02, 2012-03, 2012-04, 2012-05 and 2012-06.

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
CR 483

Freehold, New Jersey
May 30, 2013



EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Township of Wall's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Municipality's major federal programs for the year ended December 31, 2012. The Township of Wall's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Wall's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Wall's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Township of Wall's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Township of Wall complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the Township of Wall is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Wall's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Wall's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Township of Wall as of and for the year ended December 31, 2012, and have issued our report thereon dated May 30, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



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

May 30, 2013
Freehold, New Jersey

**TOWNSHIP OF WALL
SCHEDULE OF FEDERAL FINANCIAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2012**

<u>DEPARTMENT/PROGRAM TITLE</u>	<u>CEDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>EXPENDITURES</u>
U.S. Department of Homeland Security: Disaster Grants - Public Assistance (Presidentially Declared)	97.036	N/A	Open	\$ <u>991,746</u>
Total Department of Homeland Security				<u>991,746</u>
Total Federal Financial Assistance				\$ <u><u>991,746</u></u>

**TOWNSHIP OF WALL
NOTES TO SCHEDULE OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 1. General

The accompanying schedule of expenditures of federal financial assistance presents the activity of federal financial assistance of the Township of Wall, County of Monmouth, State of New Jersey. The Township is defined in Note 1 to the Township's financial statements.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of federal financial assistance are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3. Relationship to Financial Statements – Statutory Basis

Amounts reported in the accompanying schedules agree with amounts reported in the Township's general-purpose financial statements. Expenditures from awards are reported in the Township's financial statement as follows:

	Federal
Current Fund	<u>\$991,746</u>
Total	<u>\$991,746</u>

Note 4. Relationship to Federal Financial Report

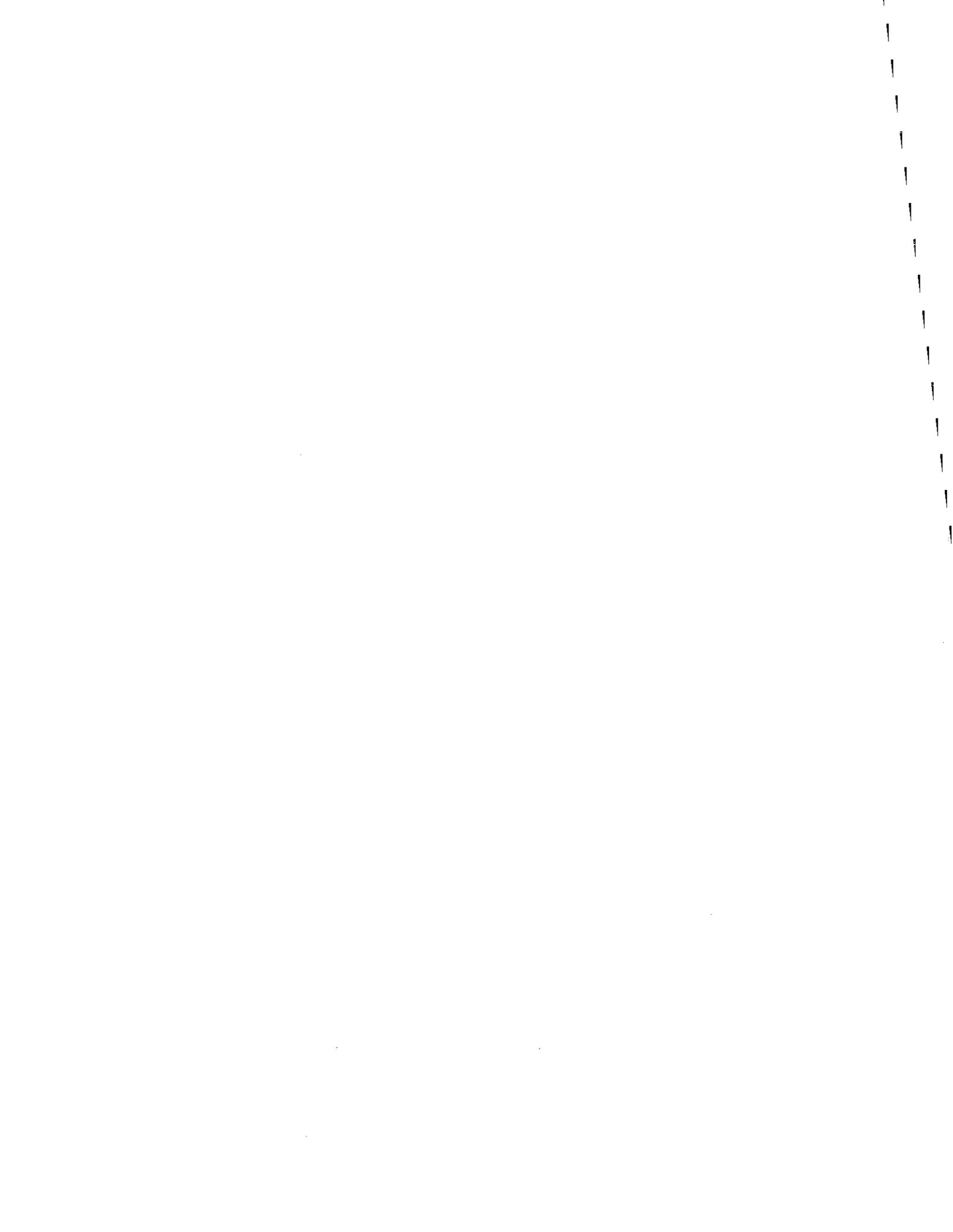
Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial report.

Note 5. Major Programs

The one major program is identified in the Schedule of Findings and Questioned Costs section.

Note 6. FEMA

The Township of Wall expects FEMA to reimburse 75% of Superstorm Sandy's expenses. The U.S. Department of Homeland Security: Disaster Grants – Public Assistance had total expenditures of \$1,322,328 of spent during the year. Exhibit K-3 shows 75% of those expenditures being reported as the Federal portion of the grant that Wall Township expects to receive, totaling \$991,746.



**TOWNSHIP OF WALL
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2012**

Section I – Summary of Auditor’s Results

Federal Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with .510(a) of OMB Circular A-133	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program
97.036	U.S. Department of Homeland Security: Disaster Grants - Public Assistance

Section II – Federal Financial Assistance Finding & Questioned Costs

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

No Current Year Findings

SUPPLEMENTARY DATA

**Summary of Statutory Debt
Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.58%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 30,715,000	\$ 30,715,000	
Water & Sewer Utility Debt	12,780,878	12,353,164	\$ 427,714
General Debt	35,031,381	158,660	34,872,721
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 78,527,259	\$ 43,226,824	\$ 35,300,435

Net Debt, \$35,138,598 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$6,037,667 equals 0.58%.

Equalized Valuation Basis:

2012	\$ 5,717,133,777
2011	6,142,411,058
2010	<u>6,253,457,124</u>
Average	<u>\$ 6,037,667,320</u>

Borrowing Power Under 40A:2-6:

3.5% of Equalized Valuation Bases (Municipal)	\$ 211,318,356
Net Debt	<u>35,300,435</u>
Remaining Borrowing Power	<u>\$ 176,017,921</u>

Calculation of Self-Liquidating Purpose - Water Utility per N.J.S.40A:2-45

Cash Receipts From Fees, Rents & Other Charges	\$ 11,242,286
Deductions:	
Operating & Maintenance Costs	\$ 10,534,874
Debt Service per Water & Sewer Utility Operating Fund	<u>1,135,126</u>
	<u>11,670,000</u>
Deficit - Net Debt	<u>\$ (427,714)</u>

**Comparative Statement of Operations and
Change in Fund Balance - Current Fund**

CURRENT FUND	YEAR 2012		YEAR 2011	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Fund Balance Utilized	\$ 2,600,000	2.26%	\$ 2,892,368	2.54%
Miscellaneous - From Other Than				
Local Property Tax Levies	8,343,649	7.26%	8,082,432	7.10%
Collection of Delinquent Taxes &				
Tax Title Liens	1,181,119	1.03%	1,424,376	1.25%
Collection of Current Tax Levy	102,137,726	88.90%	101,101,148	88.86%
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	616,034	0.54%	268,506	0.24%
Interfund Loans Returned	6,260	0.01%	1,992	0.00%
Total Income	114,884,788	100.00%	113,770,822	100.00%
Expenditures				
Budget Expenditures -				
Municipal Purposes	34,024,652	29.81%	32,833,495	29.48%
Local District School Taxes	60,196,729	52.73%	58,894,896	52.87%
County Taxes	17,579,210	15.40%	17,190,857	15.43%
Special District Taxes	2,343,635	2.05%	2,468,008	2.22%
Other Expenditures:	7,476	0.01%	6,260	0.01%
Total Expenditures	114,151,702	100.00%	111,393,516	100.00%
Excess to Fund Balance	733,086		2,377,306	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above which are by Statute				
Deffered Charges to Budget of Succeeding Year	1,500,000			
Statutory Excess to Fund Balance	2,233,086		2,377,306	
Fund Balance January 1	2,571,015		3,086,077	
Total	4,804,101		5,463,383	
Less: Fund Balance Utilized as Revenue	2,600,000		2,892,368	
Fund Balance December 31	\$ 2,204,101		\$ 2,571,015	

**Comparative Statement of Operations and
Change in Fund Balance - Water & Sewer Utility**

WATER & SEWER UTILITY OPERATING FUND	YEAR 2012		YEAR 2011	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Collection of Water Rents	\$ 10,796,964	91.16%	\$ 11,029,978	92.52%
Miscellaneous:				
Other Than Water Rents	845,322	7.14%	711,310	5.97%
Unexpended Balance of Appropriation Reserves	181,942	1.54%	180,946	1.52%
Interfunds Created	20,140	0.17%		
Total Income	11,844,368	100.00%	11,922,234	100.00%
Expenditures				
Budget Expenditures:				
Operating	10,328,704	88.51%	10,270,293	87.26%
Capital Improvement Fund	75,000	0.64%	75,000	0.64%
Debt Service	1,135,126	9.73%	1,282,890	10.90%
Deferred Charges & Statutory Expenditures	131,170	1.12%	141,077	1.20%
Total Expenditures	11,670,000	100.00%	11,769,260	100.00%
Excess to Fund Balance	174,368		152,974	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above which are by Statute Deferred Charges to Budget of Succeeding Year			6,260.00	
Statutory Excess to Fund Balance	174,368		159,234	
Fund Balance January 1	172,465		13,231	
Fund Balance December 31	<u>\$ 346,833</u>		<u>\$ 172,465</u>	

**Comparison of Tax Levies
and Collection Currently**

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

YEAR	TAX LEVY	CURRENTLY	
		CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2012	\$ 105,611,332	\$ 102,137,726	96.71%
2011	103,436,492	101,101,148	97.74%
2010	101,707,409	99,243,156	97.58%

Comparison of Tax Rate Information

	2012	2011	2010
Total Tax Rate	<u>\$2.752</u>	<u>\$2.885</u>	<u>\$2.793</u>
Apportionment of Tax Rate:			
Municipal	0.672	0.654	0.632
Local School	1.610	1.563	1.506
County	0.446	0.431	0.439
County Open Space	0.024	0.025	0.026
Fire District Taxes:			
Fire District #1	0.078	0.083	0.072
Fire District #2	0.065	0.073	0.065
Fire District #3	0.057	0.056	0.053

Net Valuation Taxable:

2012	<u>\$ 3,739,919,334</u>	
2011		<u>\$ 3,768,852,093</u>
2010		<u>\$ 3,810,016,422</u>

Delinquent Taxes and Tax Title Liens

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

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2012	\$ 1,025,691	\$ 2,690,264	\$ 3,715,955	3.52%
2011	953,318	2,153,371	3,106,689	3.00%
2010	999,520	2,166,666	3,166,186	3.11%

**Schedule of Annual Debt Service for Principal and Interest
For the Next Five Years For Bonded Debt Issued and Outstanding**

YEAR	GENERAL CAPITAL	WATER/ SEWER UTILITY
2013	\$ 2,466,404	\$ 1,084,689
2014	2,352,689	1,108,468
2015	2,383,183	862,577
2016	1,268,327	355,971
2017	1,329,346	164,273

Comparative Schedule of Fund Balance

CURRENT FUND:

YEAR	DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR
2012	\$ 2,204,101	\$ 2,000,000
2011	2,571,016	2,600,000
2010	3,068,078	2,892,369
2009	3,297,276	3,100,000
2008	2,992,592	2,720,000

WATER/SEWER OPERATING FUND:

YEAR	DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR
2012	\$ 346,833	\$ 266,000
2011	172,465	-
2010	13,232	-
2009	(212,229)	-
2008	326,827	351,000

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:

YEAR	AMOUNT
2012	\$ 57,000
2011	57,000
2010	57,000

Comparison of Water Utility Levies

YEAR	LEVY
2012	\$ 11,074,343
2011	11,032,160
2010	11,356,100

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>
Todd W. Luttman	Mayor
Clinton C. Hoffman	Deputy Mayor
Ann Marie Conte	Committee Member
Jeffrey W. Foster	Committee Member
George K. Newberry	Committee Member
Jeffrey Bertrand	Administrator
Kate Kohri	Assistant Administrator
Steven M. Mayer	Chief Financial Officer
Kammie Verdolina	Tax Collector & Water/Sewer Collector
Lorraine Kubacz	Clerk
Joseph Defino	Judge
Linda J. Smith	Court Administrator
Sean T. Kean, Esq	Attorney

Employees are covered under the Blanket Bond Coverage through the Monmouth County Municipal Joint Insurance Fund for \$1,000,000.00.

**TOWNSHIP OF WALL
COUNTY OF MONMOUTH**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**



The Honorable Mayor and Members of the
Township Committee
Township of Wall
Wall, New Jersey 07719

We have audited the financial statements – statutory basis of the Township of Wall in the County of Monmouth for the year ended December 31, 2012.

Scope of Audit

The audit covered the financial transactions of the Treasurer, Tax Collector, and Water-Sewer Utility Collector, the activities of the Mayor and Committee and the records of the various outside departments.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Township Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Township records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or 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 \$17,500 except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made. The minutes indicate that bids were requested by public advertising for the following items:

Hospital Road Bike Path, Campus Parkway Water Main Replacement, Trash Compactor, Police Uniforms, Janitorial and HVAC services, Supply and Delivery of cold water meters and brass goods, and retrofit of indoor police range.

A test was conducted to determine that expenditures greater than \$3,900 obtained solicitation of quotes. No exceptions were noted.

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

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Township Council.

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," 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 Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$3,900 thereafter "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 provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 3, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made within ten (10) days after the date upon which same became payable."

The Township also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2012 included real estate taxes for 2012, 2011, and 2010.

The last tax sale was held on October 20, 2012 and was complete.

Inspection of 2012 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2012	33
2011	35
2010	37

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

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Township employees.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of five (5) traffic and criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2012 with the governing body.

Finance Office:

***Finding 2012-01:**

The Township did not properly maintain its fixed asset inventory with regards to disposal of fixed assets and proper identification of fixed assets.

Recommendation:

That the Township obtains a complete inventory of its fixed assets and establish controls to properly account for dispositions.

Management Response:

The Township plans to budget for an asset appraisal in the 2013 Budget.

***Finding 2012-02:**

The Township has not calculated its liability for Other Post-Employment Benefits.

Recommendation:

That the Township calculates the liability associated with Other Post-Employment Benefits as required by GASB 45.

Management Response:

The Township expects to comply with GASB 45 in 2013.

***Finding 2012-03:**

During our audit of the Township's Finance Office, we noted that interfund balances exist at year-end.

Recommendation:

That all interfund balances be liquidated by year end.

Management Response:

The Township of Wall agrees with this finding, and it will correct it accordingly.

Finding 2012-04:

During our audit of the Township's Finance Office, we noted that the Township's Health Benefits "Claims" Bank Account was not reconciled on a timely basis.

Recommendation:

That all Township held bank accounts be reconciled on a timely basis.

Management Response:

The Township of Wall agrees with this finding, and it will correct it accordingly.

Finding 2012-05:

During our audit we noted that the Finance Office, at year end, encumbered funds for the purpose of Super Storm Sandy that were not approved as part of the special emergency authorization. These encumbrances were disallowed from the financial statements until the Township approves spending for these funds.

Recommendation:

That all expenditures for special emergencies, including encumbered funds, should be approved under a special emergency authorization by the Township of Wall Committee.

Management Response:

During budget year 2013, The Township of Wall agrees to modify the original special emergency authorization to include additional special emergency expenditures as a result of Super Storm Sandy.

Municipal Clerk:

Finding 2012-06:

During our audit of the Township's Clerk Office, we noted that the minutes of the Wall Township Committee were not being promptly prepared and authenticated.

Recommendation:

That all minutes be promptly prepared, retained, and authenticated for all meetings of the Wall Township Committee.

Management Response:

The Township of Wall agrees with this finding, and it will correct it accordingly.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings except with those marked above with an asterisk (*).

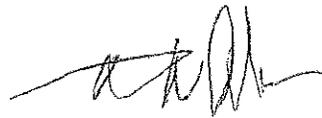
Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read 'R. Allison', with a stylized flourish at the end.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
CR 483

Freehold, New Jersey
May 30, 2013

