

TOWNSHIP OF LACEY

COUNTY OF OCEAN

REPORT OF AUDIT

DECEMBER 31, 2011

WILLIAM E. ANTONIDES AND COMPANY
Certified Public Accountants

**2807 Hurley Pond Road
Wall, NJ 07719**

**506 Hooper Avenue
Toms River, NJ 08753**

DEC 13 2012

ADMINISTRATOR

TOWNSHIP OF LACEY - COUNTY OF OCEAN

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TOWNSHIP OF LACEY

COUNTY OF OCEAN

PART I

AUDITOR'S REPORT OF THE TOWNSHIP'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Lacey
County of Ocean
Lacey, New Jersey

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

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

The financial statements of the Length of Service Awards Program Fund ("LOSAP") of the Township have not been audited, and we were not required by the Division to audit nor were we engaged to audit LOSAP financial statements as part of our audit of the Township's financial statements. However, the LOSAP financial activities are included in the Township's Trust Funds, and represent 25.11% and 18.61% of the assets and liabilities as of December 31, 2011 and 2010, respectively, of the Township's Trust Funds.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

William E. Antonides and Company

Independent Auditors



**William E. Antonides, Jr.
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 417**

October 12, 2012

TOWNSHIP OF LACEY - COUNTY OF OCEAN

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2011 AND 2010

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	A-4	\$ 6,293,463.39	\$ 7,530,338.21
Cash - Change Fund		1,300.00	1,300.00
Cash - Petty Cash		500.00	500.00
Due from State of New Jersey:			
Sale of Municipal Assets		124,892.00	124,892.00
Senior Citizens and Veterans Deductions	A-5	18,110.45	16,697.31
		<u>6,438,265.84</u>	<u>7,673,727.52</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	488,395.62	615,131.04
Tax Title Liens Receivable	A-7	86,230.55	73,512.58
Property Acquired for Taxes		3,177,580.00	3,124,180.00
Revenue Accounts Receivable	A-9	20,500.99	21,062.61
Interfunds:			
Animal Control Trust Fund	A-13	3.33	5,264.20
Assessment Trust Fund	A-13	12,019.04	639.04
Other Trust Fund	A-13	56,106.98	113,449.21
General Capital Fund	A-13	17.71	
		<u>3,840,854.22</u>	<u>3,953,238.68</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-8	180,000.00	366,000.00
Emergency Authorization	A-3	218,250.00	
		<u>398,250.00</u>	<u>366,000.00</u>
		<u>10,677,370.06</u>	<u>11,992,966.20</u>
<u>Federal and State Grant Fund</u>			
Interfund - Current Fund	A-14	101,697.53	121,366.80
Grants Receivable	A-15	69,115.22	188,255.58
		<u>170,812.75</u>	<u>309,622.38</u>
		<u>\$ 10,848,182.81</u>	<u>\$ 12,302,588.58</u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2011 AND 2010

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Appropriation Reserves	A-3,10	\$ 1,210,009.25	\$ 612,502.21
Reserve for Encumbrances	A-3,10	445,853.38	288,808.29
Accounts Payable	A-1,4,10	50,731.80	59,834.62
Due County for Added and Omitted Taxes	A-11	26,291.19	42,986.76
Local School District Taxes Payable	A-12	7.00	1,377,757.00
Tax Overpayments	A-4,5,7	1,767.15	1,419.66
Prepaid Taxes	A-5,7	506,748.75	394,630.53
Special Emergency Note Payable		180,000.00	360,000.00
Due to Lacey MUA		4,154.62	
Due to State for Fees Collected		5,384.00	4,419.00
Reserve for:			
Revaluation of Property	A-4	26,669.85	26,669.85
Payroll Deductions			316,880.23
Garden State Preservation Trust		166,282.00	166,282.00
Foreclosures		3,230.41	3,230.41
Tax Appeals		101,086.24	101,086.24
Interfunds:			
General Capital Fund	A-13		153,789.70
Grant Fund	A-14	101,697.53	121,366.80
		<u>2,829,913.17</u>	<u>4,031,663.30</u>
Reserve for Receivables and Other Assets		3,840,854.22	3,953,238.68
Fund Balance	A-1	4,006,602.67	4,008,064.22
		<u>10,677,370.06</u>	<u>11,992,966.20</u>
<u>Federal and State Grant Funds</u>			
Appropriated Reserves	A-16	71,087.63	210,733.42
Reserve for Encumbrances	A-16	39,698.86	
Unappropriated Reserves	A-17	60,026.26	98,888.96
		<u>170,812.75</u>	<u>309,622.38</u>
		<u>\$ 10,848,182.81</u>	<u>\$ 12,302,588.58</u>

There were deferred school taxes on December 31, 2011 and 2010 of \$19,706,562.00 and \$18,563,681.00, respectively (Schedule A-12).

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

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

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 3,800,000.00	\$ 2,531,000.00
Miscellaneous Revenue Anticipated	A-2	13,271,769.17	15,389,440.35
Receipts from Delinquent Taxes	A-2	640,386.25	599,537.40
Receipts from Current Taxes	A-2	62,752,069.50	61,342,148.92
Non-Budget Revenues	A-2	865,032.87	759,642.15
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	284,192.32	700,649.07
Grant Appropriated Reserves Cancelled	A-14	11,292.28	
Grant Unappropriated Reserves Cancelled	A-14	5,401.82	
Cancel Miscellaneous Trust Reserve Balances	A-13	4,897.60	
Lacey MUA Payment			114.27
Unallocated Receipts			18,926.42
Adjustment to Revenue Accounts Receivable			36,169.39
Interfunds Liquidated		51,205.39	7,553.87
Total Income		<u>81,686,247.20</u>	<u>81,385,181.84</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		9,833,235.00	9,875,678.00
Other Expenses		9,875,483.00	9,556,970.83
Deferred Charges and Statutory Expenditures		2,586,917.00	745,000.00
Budget Appropriations Excluded from Caps:			
Operations:			
Salaries and Wages		195,500.00	182,200.00
Other Expenses		672,452.25	2,064,281.98
Capital Improvements		30,000.00	35,000.00
Municipal Debt Service		1,307,686.88	2,178,506.00
Deferred Charges		186,000.00	186,000.00
	A-3	<u>24,687,274.13</u>	<u>24,823,636.81</u>
Prior Year Senior Citizen Deduction Disallowed	A-5	7,250.00	
County Taxes	A-11	14,468,627.65	14,020,494.74
Local District School Taxes	A-12	38,898,920.00	38,531,136.00
Grant Receivables Cancelled	A-14	13,878.75	
Prior Year Tax Appeals Granted		28,724.94	
Other Trust Fund Adjustment	A-13	1,283.28	
Interfund Loans			119,352.45
Total Expenditures		<u>78,105,958.75</u>	<u>77,494,620.00</u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

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

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess in Revenue		\$ 3,580,288.45	\$ 3,890,561.84
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		218,250.00	
Statutory Excess to Fund Balance		<u>3,798,538.45</u>	<u>3,890,561.84</u>
Fund Balance January 1	A	<u>4,008,064.22</u>	<u>2,648,502.38</u>
		<u>7,806,602.67</u>	<u>6,539,064.22</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>3,800,000.00</u>	<u>2,531,000.00</u>
Fund Balance December 31	A	<u>\$ 4,006,602.67</u>	<u>\$ 4,008,064.22</u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>A-1</u>	<u>\$ 3,800,000.00</u>	<u>\$ 3,800,000.00</u>	<u>\$</u>
Fund Balance Anticipated				
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	A-9	20,000.00	27,958.00	7,958.00
Fines and Costs				
Municipal Court	A-9	335,000.00	314,978.70	(20,021.30)
Interest and Costs on Taxes	A-4	135,000.00	193,495.88	58,495.88
Interest on Deposits and Investments	A-9	35,000.00	45,186.68	10,186.68
Beach Badges	A-9	25,000.00	23,320.00	(1,680.00)
Dock Rentals	A-9	80,000.00	100,600.00	20,600.00
County Recycling Rebate	A-9	25,000.00	75,550.52	50,550.52
Uniform Construction Code Fees	A-9	300,000.00	290,525.00	(9,475.00)
State Aid:				
Consolidated Municipal Property Tax Relief	A-9	11,107,558.00	11,107,558.00	
Garden State Preservation Trust Fund	A-9	166,282.00	166,282.00	
Special Items of Revenue:				
Federal and State Revenues Off-Set with Appropriations:				
Alcohol Education and Rehabilitation	A-14	11,020.39	11,020.39	
Body Armor Fund	A-14	5,400.00	5,400.00	
Clean Communities Program	A-14	57,119.07	57,119.07	
Homeland Security Grant	A-14	12,930.00	12,930.00	
Municipal Alliance on Drug and Alcohol Abuse	A-14	31,030.00	31,030.00	
Ocean County Municipal Recycling Mini-Grant	A-14	20,247.50	20,247.50	
Recycling Tonnage Grant	A-14	82,406.29	82,406.29	

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):				
Other Special Items:				
General Capital Fund - Fund Balance	A-9	\$ 59,673.96	\$ 59,673.96	
Recreation Summer Program Fees	A-9	20,000.00	27,580.00	7,580.00
Sale of Municipal Assets	A-9	119,000.00	618,907.18	499,907.18
Total Miscellaneous Revenues	A-1	<u>12,647,667.21</u>	<u>13,271,769.17</u>	624,101.96
Receipts from Delinquent Taxes	A-1,2	525,000.00	640,386.25	115,386.25
Subtotal General Revenues		<u>16,972,667.21</u>	<u>17,712,155.42</u>	739,488.21
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	8,953,889.04	9,507,639.85	553,750.81
Total General Revenues		<u>25,926,556.25</u>	<u>27,219,795.27</u>	1,293,239.02
Non-Budget Revenues	A-1,2		865,032.87	865,032.87
		\$ <u>25,926,556.25</u>	\$ <u>28,084,828.14</u>	\$ <u>2,158,271.89</u>

Allocation of Delinquent Tax Collections

Receipts from Delinquent Taxes:				
Delinquent Tax Collections	A-5			\$ 601,448.56
Tax Title Liens	A-7			38,937.69
	A-2			\$ <u>640,386.25</u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Tax Collections</u>		
Revenue from Collections	A-1,6	\$ 62,752,069.50
Allocated to Local School and County Taxes	A-6,11	54,510,428.65
Balance for Support of Municipal Budget Appropriations		<u>8,241,640.85</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,265,999.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 9,507,639.85</u></u>
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Cable Television Franchise Fees		\$ 101,247.21
Chapter 20, P.L. 1971 Administrative Fee		13,530.12
Community Hall and Park Rentals		54,369.00
Fuel Reimbursements		36,131.14
Health Licenses		47,155.00
Insurance Refunds		202,104.93
JIF Refund		37,714.60
Other		187,952.37
LOSAP Refunds		26,376.45
Police Reports		7,397.26
Police Special Duty Administrative Fees		19,618.89
Recycling Rebates		15,897.80
Refunds		43,586.00
Registrar Fees		36,840.00
Street Openings		<u>35,112.10</u>
	A-1,2	<u><u>\$ 865,032.87</u></u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 8

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS</u>						
<u>General Government</u>						
General Administration						
Salaries and Wages	\$ 140,300.00	\$ 140,300.00	\$	\$ 139,211.58	\$ 1,088.42	\$
Other Expenses	11,425.00	11,425.00		10,363.60	1,061.40	
Municipal Clerk						
Salaries and Wages	170,500.00	172,500.00		172,372.23	127.77	
Other Expenses	31,975.00	35,975.00		34,024.92	1,950.08	
Financial Administration (Treasury)						
Salaries and Wages	237,500.00	225,500.00		198,951.09	26,548.91	
Other Expenses	18,500.00	18,500.00		14,956.59	3,543.41	
Audit Services						
Other Expenses	35,000.00	35,000.00		35,000.00		
Computerized Data Processing						
Other Expenses	85,000.00	85,000.00		84,551.32	448.68	
Revenue Administration (Tax Collector)						
Salaries and Wages	202,850.00	203,850.00		203,363.40	486.60	
Other Expenses	58,750.00	58,750.00		55,563.28	3,186.72	
Tax Assessment Administration						
Salaries and Wages	210,600.00	211,600.00		211,253.43	346.57	
Other Expenses	13,970.00	13,970.00		12,882.31	1,087.69	
Tax Map Maintenance						
Other Expenses	5,000.00	5,000.00		5,000.00		
Legal Services						
Other Expenses	175,000.00	175,000.00		144,279.89	30,720.11	
Engineering Services						
Other Expenses	85,000.00	85,000.00		49,500.77	35,499.23	

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 8

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Land Use Administration						
Planning Board						
Salaries and Wages	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$	
Other Expenses	18,420.00	18,420.00	18,420.00	18,079.20	340.80	
Board of Adjustment						
Salaries and Wages	3,000.00	3,000.00	3,000.00	3,000.00		
Other Expenses	14,850.00	14,850.00	14,850.00	14,850.00		
Land Use						
Salaries and Wages	251,800.00	251,800.00	251,800.00	241,973.95	9,826.05	
Other Expenses	5,375.00	5,375.00	5,375.00	4,403.37	971.63	
Code Enforcement and Zoning						
Salaries and Wages	40,500.00	43,500.00	43,500.00	43,015.44	484.56	
Other Expenses	3,925.00	3,925.00	3,925.00	3,468.43	456.57	
Insurance						
General Liability	394,250.00	394,250.00	394,250.00	365,610.33	28,639.67	
Workers Compensation	582,535.00	582,535.00	582,535.00	582,533.66	1.34	
Employee Group Health	3,029,832.00	3,029,832.00	3,029,832.00	2,606,691.03	423,140.97	
Public Safety						
Police						
Salaries and Wages	5,246,395.00	5,246,395.00	5,246,395.00	5,246,240.05	154.95	
Other Expenses	150,618.00	135,618.00	135,618.00	130,246.08	5,371.92	
Crossing Guards						
Salaries and Wages	68,400.00	68,400.00	68,400.00	63,416.69	4,983.31	
Other Expenses	1,250.00	1,250.00	1,250.00	411.00	839.00	
Office of Emergency Management						
Salaries and Wages	5,000.00	5,000.00	5,000.00	4,304.24	695.76	
Other Expenses	875.00	875.00	875.00	125.00	750.00	
Search and Recovery Team						
Other Expenses	5,000.00	5,000.00	5,000.00	4,958.02	41.98	

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification			Reserved	
Aid to Volunteer Fire Companies	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$	\$	
Other Expenses						
Aid to Volunteer Ambulance Companies	90,000.00	90,000.00	70,000.00	20,000.00		
Forked River Fire Company						
Maintenance and Repair of Emergency Equipment	3,000.00	3,000.00	3,000.00			
Other Expenses						
Fire						
Forked River Fire Company						
Other Expenses	52,533.00	52,533.00	52,532.00	1.00		
Lanoka Harbor Fire Company						
Other Expenses	24,300.00	24,300.00	23,771.32	528.68		
Bamber Lake Fire Company						
Other Expenses	21,675.00	21,675.00	19,464.86	2,210.14		
Municipal Prosecutor						
Other Expenses	40,000.00	40,000.00	32,098.03	7,901.97		
Municipal Court						
Salaries and Wages	236,890.00	239,890.00	239,866.78	23.22		
Other Expenses	17,050.00	17,050.00	15,993.88	1,056.12		
Public Defender						
Other Expenses	15,000.00	15,000.00	15,000.00			
<u>Public Works</u>						
Streets and Road Maintenance						
Salaries and Wages	1,535,850.00	1,535,850.00	1,427,320.50	108,529.50		
Other Expenses	237,250.00	237,250.00	222,766.07	14,483.93		
Solid Waste Collection						
Salaries and Wages	199,500.00	199,500.00	195,882.11	3,617.89		
Other Expenses	1,838,050.00	1,838,050.00	1,827,387.52	10,662.48		

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification			Reserved	
Buildings and Grounds						
Salaries and Wages	\$ 330,000.00	\$ 330,000.00	\$ 293,153.92	\$ 36,846.08	\$	
Other Expenses	92,700.00	92,700.00	92,538.84	161.16		
Maintenance and Upgrade of Facilities						
Other Expenses	32,000.00	32,000.00	31,894.88	105.12		
Sanitary Landfill Testing						
Other Expenses	900.00	900.00		900.00		
Vehicle Maintenance (Including Police)						
Other Expenses	187,500.00	207,500.00	205,965.30	1,534.70		
Health and Welfare						
Public Health Services (Board of Health)						
Salaries and Wages	900.00	900.00	825.00	75.00		
Other Expenses	12,425.00	12,425.00	10,118.93	2,306.07		
Animal Control Services						
Other Expenses	67,375.00	67,375.00	67,375.00			
Welfare/Administration of Public Assistance						
Other Expenses	2,500.00	2,500.00		2,500.00		
Senior Outreach						
Other Expenses	5,000.00	5,000.00	5,000.00			
Parks and Recreation						
Recreation Services and Programs						
Salaries and Wages	192,250.00	192,250.00	170,569.61	21,680.39		
Other Expenses	22,300.00	22,300.00	14,118.95	8,181.05		
Maintenance of Parks						
Other Expenses	86,150.00	86,150.00	85,678.17	471.83		
Maintenance of Docks						
Other Expenses	3,000.00	3,000.00	2,538.56	461.44		

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Unclassified</u>					
Accumulated Leave Compensation					
Salaries and Wages	\$ 370,000.00	\$ 370,000.00	\$ 344,910.19	\$ 25,089.81	\$
Payment of Furlough Days					
Salaries and Wages		218,250.00	218,248.15	1.85	
Juvenile Committee					
Other Expenses	200.00	200.00	199.00	1.00	
Environmental Commission					
Other Expenses	2,500.00	2,500.00	95.00	2,405.00	
WLTS Channel 21					
Other Expenses	15,000.00	15,000.00	15,000.00		
<u>Utility Expenses and Bulk Purchases</u>					
Electricity	263,500.00	263,500.00	241,416.21	22,083.79	
Street Lighting	400,000.00	400,000.00	336,615.12	63,384.88	
Telephone	71,000.00	71,000.00	61,162.89	9,837.11	
Gas (Natural or Propane)	75,000.00	75,000.00	50,317.96	24,682.04	
Fuel Oil	2,700.00	2,700.00	2,700.00		
Telecommunications Costs	1,000.00	1,000.00		1,000.00	
Gasoline	332,000.00	323,000.00	240,729.06	82,270.94	
Landfill/Solid Waste Disposal Costs	1,090,000.00	1,090,000.00	1,089,999.00	1.00	
<u>State Uniform Construction Code</u>					
Construction Official					
Salaries and Wages	169,750.00	171,750.00	170,913.27	836.73	
Other Expenses	11,825.00	11,825.00	10,554.53	1,270.47	
Total Operations within Caps	<u>19,489,968.00</u>	<u>19,708,218.00</u>	<u>18,648,321.51</u>	<u>1,059,896.49</u>	
Contingent	500.00	500.00		500.00	
Total Operations Including Contingent within Caps	<u>19,490,468.00</u>	<u>19,708,718.00</u>	<u>18,648,321.51</u>	<u>1,060,396.49</u>	

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Reserved	Reserved	
\$ 9,614,985.00	\$ 9,833,235.00	\$ 9,591,791.63	\$ 241,443.37	\$		
9,875,483.00	9,875,483.00	9,056,529.88	818,953.12			

Detail:

Salaries and Wages
Other Expenses

DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS

Statutory Expenditures:

Contribution to:

Public Employees' Retirement System
Social Security System (O.A.S.I.)
Police and Firemen's Retirement System of N.J.
Unemployment Insurance
Total Statutory Expenditures within Caps
Total Appropriations within Caps

526,264.00	526,264.00	526,264.00				
790,000.00	790,000.00	667,129.83	122,870.17			
1,258,653.00	1,258,653.00	1,258,653.00				
12,000.00	12,000.00	12,000.00				
<u>2,586,917.00</u>	<u>2,586,917.00</u>	<u>2,464,046.83</u>	<u>122,870.17</u>			
<u>22,077,385.00</u>	<u>22,295,635.00</u>	<u>21,112,368.34</u>	<u>1,183,266.66</u>			

OPERATIONS EXCLUDED FROM CAPS

All Functions

Employee Group Health
Other Expenses
Length of Service Awards Program
Other Expenses
NJ DEP Stormwater Permit
Streets and Roads Maintenance
Salaries and Wages
Other Expenses
NJ Recycling Enhancement Act
Landfill/Solid Waste Disposal Costs
Other Expenses

140,521.00	140,521.00	140,521.00				
162,150.00	162,150.00	161,000.00	1,150.00			
195,500.00	195,500.00	194,528.31	971.69			
30,000.00	30,000.00	29,849.29	150.71			
28,000.00	28,000.00	17,058.00	10,942.00			

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Shared Services	\$	83,000.00	\$	83,000.00	\$	13,528.19
Construction Official						
Other Expenses						
Public and Private Programs Offset by Revenues						
Alcohol Education and Rehabilitation Fund		11,020.39		11,020.39		
Body Armor Fund		5,400.00		5,400.00		
Clean Communities Program		57,119.07		57,119.07		
Homeland Security Grant		12,930.00		12,930.00		
Municipal Alliance on Drug and Alcohol Abuse		39,658.00		39,658.00		
Ocean County Recycling Mini Grant		20,247.50		20,247.50		
Recycling Tonnage Grant		82,406.29		82,406.29		
Total Operations excluded from Caps		867,952.25		867,952.25		26,742.59
Detail:						
Salaries and Wages		195,500.00		195,500.00		971.69
Other Expenses		672,452.25		672,452.25		25,770.90
CAPITAL IMPROVEMENTS EXCLUDED						
FROM CAPS						
Capital Improvement Fund		30,000.00		30,000.00		
MUNICIPAL DEBT SERVICE EXCLUDED						
FROM CAPS						
Payment of Bond Principal		695,000.00		695,000.00		191,380.00
Payment of Bond Anticipation Notes		341,850.00		341,850.00		
Interest on Bonds		261,667.00		261,667.00		
Interest on Notes		137,020.00		137,020.00		152.62
Green Trust Loan Program		63,683.00		63,683.00		.50
Total Municipal Debt Service excluded from Caps		1,499,220.00		1,499,220.00		191,533.12

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	\$ 186,000.00	\$ 186,000.00	\$ 186,000.00	\$	\$ 191,533.12
Total General Appropriations excluded from Caps	<u>2,583,172.25</u>	<u>2,583,172.25</u>	<u>2,364,896.54</u>	<u>26,742.59</u>	
Subtotal General Appropriations	24,660,557.25	24,878,807.25	23,477,264.88	1,210,009.25	191,533.12
Reserve for Uncollected Taxes	<u>1,265,999.00</u>	<u>1,265,999.00</u>	<u>1,265,999.00</u>		
Total General Appropriations	<u>\$ 25,926,556.25</u>	<u>\$ 26,144,806.25</u>	<u>\$ 24,743,263.88</u>	<u>\$ 1,210,009.25</u>	<u>\$ 191,533.12</u>
			A-3	A	A-1
Budget		\$ 25,926,556.25			
Emergency Appropriations		<u>218,250.00</u>			
		<u>\$ 26,144,806.25</u>			
Disbursements			\$ 22,616,630.25		
Reserve for:					
Encumbrances			445,853.38		
Uncollected Taxes			<u>1,265,999.00</u>		
Deferred Charges:					
Special Emergency Authorizations (40A:4-55)			186,000.00		
Interfund - Grant Fund			<u>228,781.25</u>		
			<u>\$ 24,743,263.88</u>		

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

BALANCE SHEET - TRUST FUND

Exhibit B

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2011 AND 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Assessment Fund:			
Assessments Receivable	B-3	\$ 14,266.44	\$ 21,683.34
Amount to be Raised by Taxation		85,079.99	180,079.99
Interfund - Other Trust Fund		91,902.61	84,485.71
		<u>191,249.04</u>	<u>286,249.04</u>
Animal Control Trust Fund:			
Cash	B-7	<u>2,951.78</u>	<u>7,142.07</u>
Other Trust Fund:			
Cash	B-1	<u>2,667,402.01</u>	<u>2,880,802.79</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Funds Held by Trustee	B-10	<u>959,410.26</u>	<u>725,625.87</u>
		<u>\$ 3,821,013.09</u>	<u>\$ 3,899,819.77</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Assessment Fund:			
Bond Anticipation Notes	B-4	\$ 164,230.00	\$ 175,610.00
Interfunds:			
Current Fund	B-9	12,019.04	639.04
General Capital Fund	B-9		95,000.00
Reserve for Assessments and Liens		15,000.00	15,000.00
		<u>191,249.04</u>	<u>286,249.04</u>
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-5	2,912.45	1,780.67
Fees Due to State of New Jersey	B-6	36.00	97.20
Interfund - Current Fund	B-10	3.33	5,264.20
		<u>2,951.78</u>	<u>7,142.07</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

BALANCE SHEET - TRUST FUND

Exhibit B

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2011 AND 2010

<u>Liabilities, Reserves and Fund Balance (Continued)</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Other Trust Fund:			
Miscellaneous Reserves:			
Developers' Escrows	B-7	\$ 2,146,879.53	\$ 2,180,292.91
Various Reserves	B-7	362,058.10	500,187.36
Unemployment	B-7	10,454.79	2,387.60
Interfunds:			
Current Fund	B-11	56,106.98	113,449.21
Assessment Trust Fund	B-11	91,902.61	84,485.71
		<u>2,667,402.01</u>	<u>2,880,802.79</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Awards Program (LOSAP)	B-8	<u>959,410.26</u>	<u>725,625.87</u>
		<u>\$ 3,821,013.09</u>	<u>\$ 3,899,819.77</u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN
BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2011 AND 2010

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	C-2	\$ 404,489.83	\$ 8,944.61
Deferred Charges to Future Taxation:			
Funded	C-4	6,738,660.43	7,477,510.87
Unfunded	C-5	8,837,843.00	8,573,523.00
Grants Receivable	C-6	127,500.00	65,000.00
Interfunds:			
Current Fund	C-8		153,789.70
Assessment Trust Fund	C-8		95,000.00
		<u>\$ 16,108,493.26</u>	<u>\$ 16,373,768.18</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-7	\$ 69,384.25	\$ 64,384.25
Interfund - Current Fund	C-8	17.71	
Improvement Authorizations:			
Funded	C-9	58,737.74	23,206.74
Unfunded	C-9	2,803,428.53	2,639,248.23
Reserve for Encumbrances	C-9		47,354.16
Serial Bonds	C-10	5,780,000.00	6,475,000.00
DEP Loan Payable	C-11	958,660.43	1,002,510.87
Bond Anticipation Notes	C-12	6,210,770.00	5,912,390.00
Reserve to Pay Debt Service	C-13	190,000.00	150,000.00
Fund Balance	C-1	37,494.60	59,673.93
		<u>\$ 16,108,493.26</u>	<u>\$ 16,373,768.18</u>

There were bonds and notes authorized but not issued on December 31, 2011 and 2010 of \$2,627,073.00 and \$2,212,073.00 respectively (Schedule C-14).

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 59,673.93
Increased by:		
Premium on Sale of Notes	C-2	<u>37,494.60</u>
		<u>97,168.53</u>
Decreased by:		
Payment to Current Fund as Anticipated Revenue	C-2	<u>59,673.93</u>
Balance December 31, 2011	C	<u>\$ 37,494.60</u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

BALANCE SHEET - PAYROLL FUND

Exhibit G

REGULATORY BASIS

DECEMBER 31, 2011

	<u>2011</u>
<u>Assets</u>	
Cash	\$ <u>267,439.04</u>
<u>Liabilities</u>	
Due to Various Agencies	\$ <u>267,439.04</u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

REGULATORY BASIS

STATEMENT OF GENERAL FIXED ASSETS

	<u>2011</u>	<u>2010</u>
General Fixed Assets:		
Land	\$ 12,245,100.00	\$ 12,244,100.00
Buildings	3,011,800.00	3,011,800.00
Machinery and Equipment	8,235,226.92	8,202,033.92
	<u>\$ 23,492,126.92</u>	<u>\$ 23,457,933.92</u>
Investment in General Fixed Assets	<u>\$ 23,492,126.92</u>	<u>\$ 23,457,933.92</u>

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

TOWNSHIP OF LACEY - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Lacey, County of Ocean, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The financial statements of the Lacey Township Municipal Utilities Authority are reported separately.

B. Descriptions of Funds

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

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

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

Assessment Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

Animal Control Trust Fund - animal license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

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

B. **Descriptions of Funds (Continued)**

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

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

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

C. **Basis of Accounting**

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2011 is set forth in Note 4.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system. Fixed assets acquired prior to January 1, 1987 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after January 1, 1987 are recorded at cost.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - (Continued)

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

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

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

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

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

During 2011 and 2010 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Fixed Assets Account Group:				
Land	\$ 12,244,100	\$ 1,000	\$	\$ 12,245,100
Buildings	3,011,800			3,011,800
Machinery and Equipment	<u>8,202,034</u>	<u>33,193</u>		<u>8,235,227</u>
	<u>\$ 23,457,934</u>	<u>\$ 34,193</u>	<u>\$</u>	<u>\$ 23,492,127</u>
	<u>Balance</u> <u>Jan. 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Fixed Assets Account Group:				
Land	\$ 12,259,600	\$	\$ 15,500	\$ 12,244,100
Buildings	3,011,800			3,011,800
Machinery and Equipment	<u>13,351,104</u>	<u>98,768</u>	<u>5,247,838</u>	<u>8,202,034</u>
	<u>\$ 28,622,504</u>	<u>\$ 98,768</u>	<u>\$ 5,263,338</u>	<u>\$ 23,457,934</u>

D. Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

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

F. Reporting Entity

GASB Statement 14 establishes criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately. The financial statements of the Township of Lacy Parking Authority are reported separately.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$9,703,542 and the bank balance amount was \$10,211,000. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$9,961,000.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

At year-end the Township had no investments.

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	9,961,000	9,561,206
Uninsured		<u>828,208</u>
	\$ <u>10,211,000</u>	\$ <u>10,639,414</u>

Custodial Credit Risk - Deposits

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

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

General Capital Fund - General Improvements

4.00% General Improvement Serial Bonds issued

August 1, 2006, installment maturities to

August 1, 2018

\$ 5,780,000

The General Capital Fund - General Improvement Bonds mature serially in installments to the year 2018. Aggregate debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 725,000	\$ 233,885
2013	755,000	204,885
2014	790,000	174,685
2015	825,000	143,085
2016	855,000	110,085
2017	895,000	75,030
2018	<u>935,000</u>	<u>38,335</u>
Total	\$ <u>5,780,000</u>	\$ <u>979,990</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

DEP Loan

The Township has a low interest loan (2%) from the New Jersey Department of Environmental Protection. \$1,024,111 for dam restoration was finalized in 2003. The Township must repay the loans in semi-annual installments over twenty years. The balance December 31, 2011 was \$958,660. Loan payments are due through 2029.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 44,732	\$ 18,951
2013	45,631	18,052
2014	46,548	17,134
2015	47,484	16,199
2016	48,438	15,244
2017	49,412	14,271
2018	50,405	13,278
2019	51,418	12,264
2020	52,452	11,231
2021	53,506	10,177
2022	54,581	9,101
2023	55,678	8,004
2024	56,798	6,885
2025	57,939	5,743
2026	59,104	4,579
2027	60,292	3,391
2028	61,503	2,178
2029	<u>62,739</u>	<u>942</u>
Total	\$ <u>958,660</u>	\$ <u>187,624</u>

B. Short-Term Debt

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

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

<u>Ordinance Number</u>		<u>Amount</u>	<u>Interest Rate</u>
	<u>General Capital Fund</u>		
06-55	Design and Construction of Connector Road	\$ 276,970	1.75%
07-14	Public Works Vehicle and Equipment	97,300	1.75%
07-15	EMS Equipment and Court Security Upgrades	45,460	1.75%
07-20	Telephone System Upgrade	88,000	1.75%
07-28	Road and Drainage Improvements and Dredging	1,132,780	1.75%
08-10	Bayside Beach Dredging	251,030	1.75%
08-17	Various Improvements	278,430	1.75%
08-21	Deerhead Lake Dam Improvements	512,023	1.75%
08-23	Acquisition of Real Property	1,875,940	1.75%
08-24	Conifer Drive Improvements	259,760	1.75%
08-26	Various Improvements	142,100	1.75%
08-27	Purchase Fire Truck and Ambulance	853,000	1.75%
09-16	Wordens Oyster Pond	139,000	1.75%
09-28	Conifer Drive Phase III	<u>258,977</u>	1.75%
		\$ <u>6,210,770</u>	
	<u>Assessment Trust Fund</u>		
07-09, 08-22	Sidewalk and Curbing on Lacey Road	\$ <u>164,230</u>	1.75%

C. Bonds and Notes Authorized but not Issued

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

General Capital Fund - General Improvements	\$ 2,532,073
General Capital Fund - Local Improvements	95,000

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2011 was .37%. The Township's remaining borrowing power is 3.13%.

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

NOTE 3. DEBT (CONTINUED)

D. Borrowing Power (Continued)

During 2011 and 2010 the following changes occurred in the debt service of the Township:

	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Capital Fund:				
Serial Bonds	\$ 6,475,000	\$	\$ 695,000	\$ 5,780,000
Bond Anticipation Notes	5,912,390	449,060	150,680	6,210,770
DEP Loan	1,002,511		43,851	958,660
Assessment Trust Fund:				
Bond Anticipation Notes	<u>175,610</u>		<u>11,380</u>	<u>164,230</u>
	<u>\$ 13,565,511</u>	<u>\$ 449,060</u>	<u>\$ 900,911</u>	<u>\$ 13,113,660</u>
	<u>Balance</u> <u>Jan. 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Capital Fund:				
Serial Bonds	\$ 7,150,000	\$	\$ 675,000	\$ 6,475,000
Bond Anticipation Notes	6,583,190	397,977	1,068,777	5,912,390
DEP Loan	1,024,111		21,600	1,002,511
Assessment Trust Fund:				
Bond Anticipation Notes	<u>175,610</u>			<u>175,610</u>
	<u>\$ 14,932,911</u>	<u>\$ 397,977</u>	<u>\$ 1,765,377</u>	<u>\$ 13,565,511</u>

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated maximum current cost of such unpaid compensation approximates \$1,166,115 and \$1,007,644 at December 31, 2011 and 2010, respectively, assuming that all personnel retire from the Township. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31, 2011 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31, 2012 are as follows:

Current Fund \$ 3,600,000

NOTE 6. TAXES, CHARGES AND MEMBERSHIP FEES COLLECTED IN ADVANCE

Taxes, sewer charges and swimming pool membership fees collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2011</u>	<u>2010</u>
Prepaid Taxes	\$ 506,749	\$ 394,631

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

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

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011 and 2010, the following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>2012 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Current Fund:			
Special Emergency	\$ 180,000	\$ 180,000	\$ -0-
Emergency Authorization	218,250	218,250	-0-

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>2011 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Current Fund:			
Special Emergencies	\$ 366,000	\$ 186,000	\$ 180,000

The appropriation in the 2012 and 2011 budgets were not less than that required by statute.

NOTE 10. PENSION PLANS

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

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

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

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

NOTE 10. PENSION PLANS (CONTINUED)

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$ 526,264	\$ 1,258,653
2010	443,125	1,005,940
2009	220,706	481,176

The State of New Jersey 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 the PERS and PFRS which would have been due April 1, 2010. 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 contribution employer is permitted to pay off the amount. The Township elected to defer a portion of its pension contribution in 2009 as follows:

<u>Retirement System</u>	<u>2009 Required Contribution</u>	<u>Amount Deferred</u>	<u>2009 Actual Contribution</u>
PERS	\$ 397,467	\$ 176,761	\$ 220,706
PFRS	<u>925,786</u>	<u>444,610</u>	<u>481,176</u>
	\$ <u>1,323,253</u>	\$ <u>621,371</u>	\$ <u>701,882</u>

NOTE 11. POST-RETIREMENT HEALTH BENEFITS

The Township contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees and their dependents.

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On March 10, 1994, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 1994-94. Eligibility to participate in the SHBP's post-retirement benefit program begins after 25 years of credited service with the Township. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents.

NOTE 11. POST-RETIREMENT HEALTH BENEFITS (CONTINUED)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly-available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

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

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. Plan members or beneficiaries receiving benefits do not make any contributions.

The Township's contributions and approximate eligible participants to the SHBP for each year, were as follows:

<u>Year</u>	<u>Number of Participants</u>	<u>Amount</u>
2011	71	\$ 981,983
2010	71	882,113
2009	58	698,652

NOTE 12. SCHOOL TAXES

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

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

NOTE 12. SCHOOL TAXES

The Township by resolution of the governing body on April 26, 2012 deferred \$1,142,881 of school taxes for the year ending December 31, 2011.

	<u>Local District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2011</u>	<u>2010</u>
Balance of Tax	\$ 19,706,569	\$ 19,941,438
Deferred	<u>19,706,562</u>	<u>18,563,681</u>
Tax Payable	\$ <u> 7</u>	\$ <u>1,377,757</u>

NOTE 13. 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. A portion of funds collected from employees are transmitted to the State. The Reserve for Unemployment Trust at December 31, 2011 and 2010 is \$10,455 and \$2,388, respectively.

NOTE 14. RISK MANAGEMENT

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

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

The Township has established a self-insurance program in accordance with New Jersey Statute Chapter 40:10. The Statute enables the governing body of any local unit to provide insurance coverage for its exposure to a wide variety of property and liability casualty risks. The Township self insures for dental coverage. At December 31, 2011 the Township's exposure for claims incurred under the above self-insurance program is not presently determinable. There is a balance in the self-insurance trust fund of \$11,976 at December 31, 2011.

NOTE 15. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2011, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

Taxpayers in 2011 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>% of Value</u>
Exelon Generation Co.	\$ 141,390,300	3.27%
JCP&L	49,426,000	1.14%

Tax Appeals

The Township has reserved \$101,086 in anticipation of successful tax appeals.

Pending Litigation

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

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2011:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 68,147	\$ 101,698
Grant Fund	101,698	
Assessment Trust Fund	91,903	12,019
Animal Control Trust Fund		3
Other Trust Fund		148,010
General Capital Fund	_____	_____18
	<u>\$ 261,748</u>	<u>\$ 261,748</u>

NOTE 17. SERVICE CONTRACT - PARKING AUTHORITY

The Township executed a contract dated July 2, 1971 providing for a service contract between the Township and the Lacy Township Municipal Utilities Authority (the "Authority") which, among other things, obligates the Township to pay to the Authority such sums of money as may be necessary to provide for deficits which result from failure of the Authority to provide adequate revenues from the operations of the Authority.

NOTE 18. 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.

NOTE 19. SUBSEQUENT EVENT - DEBT AUTHORIZED

The Township adopted the following ordinances in 2012 authorizing the issuance of additional debt:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
12-20	Various Capital Improvements	\$ 1,218,000

NOTE 20. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2005.

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 2005.

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

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

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

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

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

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

TOWNSHIP OF LACEY

COUNTY OF OCEAN

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Tax Rate	<u>2011</u> \$ <u>1.468</u>	<u>2010</u> \$ <u>1.434</u>	<u>2009</u> \$ <u>1.412</u>
Apportionment of Tax Rate			
Net County Levy	.278	.269	.264
County Library Tax	.033	.031	.031
County Health Tax	.012	.013	.013
County Open Space Tax	.012	.012	.012
District School Tax	.926	.926	.926
Local Municipal Purpose Tax	.207	.183	.166
Assessed Valuation			
2011	\$ 4,322,671,637		
2010		\$ 4,321,644,881	
2009			\$ 4,298,651,376

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2011	\$ 63,566,165	\$ 62,752,070	98.72%
2010	62,090,933	61,342,149	98.79%
2009	60,979,726	60,092,160	98.54%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 86,231	\$ 488,396	\$ 574,627	.90%
2010	73,513	615,131	688,644	1.11%
2009	32,746	570,380	603,126	.99%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2011	\$ 3,177,580
2010	3,124,180
2009	3,124,180

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding Year</u>
<u>Current Fund</u>		
2011	\$ 4,006,603	\$ 3,600,000
2010	4,008,064	3,800,000
2009	3,097,562	2,330,000
2008	4,906,580	4,615,561
2007	4,914,143	4,750,000

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued</u>			
Assessment:			
Notes	\$ 164,230	\$ 175,610	\$ 175,610
General:			
Bonds, Notes and Loans	<u>12,949,430</u>	<u>13,389,901</u>	<u>14,757,301</u>
	<u>13,113,660</u>	<u>13,565,511</u>	<u>14,932,911</u>
Less:			
Funds Temporarily Held to Pay Bonds:			
General Capital Fund	190,000	150,000	1,068,777
Assessment Trust Fund	<u>79,884</u>	<u> </u>	<u> </u>
	<u>269,884</u>	<u>150,000</u>	<u>1,068,777</u>
Net Debt Issued	<u>12,843,776</u>	<u>13,415,511</u>	<u>13,864,134</u>
 <u>Authorized but not Issued</u>			
General:			
Bonds, Notes and Loans	<u>2,627,073</u>	<u>2,212,073</u>	<u>2,610,050</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>15,470,849</u>	\$ <u>15,627,584</u>	\$ <u>16,474,184</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of .37%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 45,740,000	\$ 45,740,000	\$ -0-
General Debt	<u>15,740,733</u>	<u>190,000</u>	<u>15,550,733</u>
	\$ <u>61,480,733</u>	\$ <u>45,930,000</u>	\$ <u>15,550,733</u>

Net Debt \$15,550,733 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$4,197,557,169 = .37%.

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

3.5% of Equalized Valuation Basis (Municipal) Net Debt	\$ 146,914,501 <u>15,550,733</u>
Remaining Borrowing Power	\$ <u>131,363,768</u>

The foregoing debt information is in agreement with a revised Annual Debt Statement as filed by the Chief Financial Officer.

TOWNSHIP OF LACEY - COUNTY OF OCEAN

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Gary Quinn	Mayor	
Mark Dykoff	Deputy Mayor	
Helen DelaCruz	Committeewoman	
David Most	Committeeman	
Seas Sharkey	Committeeman	
Veronica Laureigh	Municipal Clerk/Administrator	*
Adrian Fanning	Chief Financial Officer	*
Saron Sulecki	Tax Collector	*
Damian G Murray	Municipal Court Judge	*
Laurie Farnkopf	Municipal Court Administrator	*
James Wioland	Recreation Director	
George Gilmore, Esq. O'Donnell, Stanton and Associates	Solkicitor	

* All employees are covered by a Blanket Bond of \$1,000,000, of which \$950,000 is provided as part of the Ocean County Joint Insurance Fund and \$50,000 is provided through the Municipal Excess Liability Joint Insurance Fund.

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2010		\$ 7,530,338.21
Increased by Receipts:		
Taxes Receivable	\$ 62,412,816.17	
Tax Title Liens	38,937.69	
Interest and Costs on Taxes	193,495.88	
Tax Overpayments	8,462.76	
Prepaid Taxes	483,783.51	
State of New Jersey (Ch. 20, P.L. 1971)	535,385.80	
Revenue Accounts Receivable	12,691,834.71	
Miscellaneous Revenue not Anticipated	865,032.87	
Interfunds:		
Others	430,686.01	
Grant Fund	291,953.98	
Prepaid State Aid	166,282.00	
Due to Lacey MUA	396,007.03	
Due to State for Fees Collected	24,545.00	
		<u>78,539,223.41</u>
		86,069,561.62
Decreased by Disbursements:		
Budget Appropriations	22,616,630.25	
Appropriation Reserves	617,118.18	
Accounts Payable	9,102.82	
Emergency Note Payable	180,000.00	
Tax Overpayments	11,852.55	
County Taxes Payable	14,485,323.22	
Local School District Tax	40,276,670.00	
Transfer to Payroll Account	316,880.23	
Interfunds:		
Others	529,652.67	
Grant Fund	317,435.90	
Due to Lacey MUA	391,852.41	
Due to State for Fees Collected	23,580.00	
		<u>79,776,098.23</u>
Balance December 31, 2011		\$ <u><u>6,293,463.39</u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

(CHAPTER 20, P.L. 1971)

Balance December 31, 2010			\$ 16,697.31
Increased by:			
2011 Senior Citizens and Veterans Exemptions per Tax Duplicate	\$ 535,254.40		
2011 Deductions Disallowed by Tax Collector	13,250.00		
2011 Deductions Allowed by Tax Collector	<u>(4,955.46)</u>	\$ 543,548.94	
2010 Deductions Disallowed by Tax Collector	(7,250.00)		
2010 Deductions Allowed by Tax Collector	<u>500.00</u>	<u>(6,750.00)</u>	
			<u>536,798.94</u>
			<u>553,496.25</u>
Decreased by:			
Receipts			<u>535,385.80</u>
Balance December 31, 2011			\$ <u><u>18,110.45</u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2010	Added Taxes	Levy	2010 Collections	2011 Collections	Due from State	Transferred to Liens	Cancelled	Balance Dec. 31, 2011
2008	\$ 33.16	\$ 33.16							\$ 33.16
2009	615,131.04	1,491.11			851.82		639.29		4,789.61
2010	615,131.04	1,524.27	5,899.49	600,096.74	600,948.56	(6,750.00)	22,765.06	129.12	4,822.77
2011			63,566,165.31	394,630.53	61,813,890.03	543,548.94	35,269.41	295,253.55	483,572.85
	\$ 615,131.04	\$ 1,524.27	\$ 63,572,064.80	\$ 394,630.53	\$ 62,414,838.59	\$ 536,798.94	\$ 58,673.76	\$ 295,382.67	\$ 488,395.62

Receipts

Overpayments Applied

\$ 62,412,816.17
2,022.42
\$ 62,414,838.59

Analysis of 2011 Property Tax Levy

Tax Yield:

General Purpose Tax
Added and Omitted Taxes

\$ 63,456,814.02
115,250.78

\$ 63,572,064.80

Tax Levy:

Local District School Tax (Abstract)
County Taxes:

County Tax (Abstract)
County Library Tax (Abstract)
County Library Health (Abstract)
County Open Space Tax (Abstract)
Due County for Added and Omitted Taxes

\$ 40,041,801.00

Total County Taxes

Local Tax for Municipal Purposes
Additional Tax Levied

14,468,627.65
9,061,636.15

\$ 63,572,064.80

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-7

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2010		\$ 73,512.58
Increased by:		
Transfers from Taxes Receivable	\$ 58,673.76	
Interest and Costs Accrued at Sale	<u>4,133.17</u>	
		<u>62,806.93</u>
		136,319.51
Decreased by:		
Receipts	38,937.69	
Transferred to Foreclosed Property	<u>11,151.27</u>	
		<u>50,088.96</u>
Balance December 31, 2011		\$ <u><u>86,230.55</u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

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

<u>Date Authorized</u>	<u>Improvement Description</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Balance Dec. 31, 2011</u>
2006	Tax Map	\$ 30,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$
2007	Revaluation of Real Property	900,000.00	180,000.00	360,000.00	180,000.00	180,000.00
				\$ 366,000.00	\$ 186,000.00	\$ 180,000.00

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued</u> <u>in 2011</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Alcoholic Beverage Licenses	\$ 27,958.00	\$ 27,958.00	\$ 27,958.00	\$
Beach Badges		23,320.00	23,320.00	
Construction Code Official		290,525.00	290,525.00	
County Recycling Rebate		75,550.52	75,550.52	
Dock Rentals		100,600.00	100,600.00	
Interest on Deposits		45,186.68	45,186.68	
Municipal Court Fines and Costs	21,062.61	314,417.08	314,978.70	20,500.99
Other:				
General Capital Fund - Fund Balance		59,673.96	59,673.96	
Recreation Summer Fees		27,580.00	27,580.00	
Sale of Municipal Assets		618,907.18	618,907.18	
State Aid:				
Energy Receipts Taxes		11,107,558.00	11,107,558.00	
Garden State Preservation Trust Fund		166,282.00	166,282.00	
	\$ 21,062.61	\$ 12,857,558.42	\$ 12,858,120.04	\$ 20,500.99
Reserve for Garden State Preservation Trust Fund				
Receipts			\$ 166,282.00	
Interfunds			12,691,834.71	
			3.33	
			\$ 12,858,120.04	

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 6

APPROPRIATIONS WITHIN CAPS

General Government

	<u>Balance Dec. 31, 2010</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
General Administration	\$ 244.04	\$	\$ 244.04	\$	\$ 244.04
Salaries and Wages	161.16	1,591.90	1,753.06	1,753.06	
Other Expenses					
Township Committee					
Salaries and Wages	11.58	44.76	11.58	44.76	11.58
Other Expenses					
Municipal Clerk					
Salaries and Wages	38.35		38.35		38.35
Other Expenses	1.00		1.00		1.00
Financial Administration (Treasury)					
Salaries and Wages	20.42	2,946.45	20.42		20.42
Other Expenses			2,946.45	2,911.45	35.00
Audit Services					
Other Expenses	1,601.25		1,601.25		1,601.25
Computerized Data Processing					
Other Expenses	3,470.15	12,677.86	16,148.01	13,027.86	3,120.15
Revenue Administration (Tax Collector)					
Salaries and Wages	1,705.12		1,705.12		1,705.12
Other Expenses	.58	2,453.31	2,453.89	2,359.31	94.58
Tax Assessment Administration					
Salaries and Wages	83.16	62.60	83.16		83.16
Other Expenses	477.24		539.84	254.40	285.44
Tax Map Maintenance					
Other Expenses		5,000.00	5,000.00	4,527.37	472.63
Legal Services					
Other Expenses	14,503.08	.20	14,503.28	13,713.84	789.44

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 6

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Engineering Services	\$ 16,169.45	\$	\$ 16,169.45	\$ 13,875.50	\$ 2,293.95
Other Expenses					
<u>Land Use Administration</u>					
Planning Board	6,884.91		6,884.91	227.74	6,657.17
Other Expenses					
Board of Adjustment	2,248.14	99.50	2,347.64	992.75	1,354.89
Other Expenses					
Land Use					
Salaries and Wages	7,603.55		7,603.55		7,603.55
Other Expenses	483.95	1,358.46	1,842.41	1,358.46	483.95
Code Enforcement and Zoning					
Salaries and Wages	696.12		696.12		696.12
Other Expenses	863.24	174.29	1,037.53	174.29	863.24
<u>Insurance</u>					
General Liability	22,680.19	20,535.15	43,215.34	40,794.13	2,421.21
Employee Group Health	16,373.63	1,060.80	17,434.43	537.65	16,896.78
<u>Public Safety</u>					
Police					
Salaries and Wages	1,130.10		1,130.10		1,130.10
Other Expenses	3,512.67	64,685.35	68,198.02	65,340.44	2,857.58
Crossing Guards					
Salaries and Wages	10.59		10.59		10.59
Other Expenses	685.56		685.56		685.56
Office of Emergency Management					
Salaries and Wages	148.40		148.40		148.40
Other Expenses	1,053.00		1,053.00		1,053.00
Search and Recovery Team					
Other Expenses	.07		.07		.07

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 6

	<u>Balance Dec. 31, 2010</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Maintenance and Repair of Emergency Equipment	\$ 3,000.00	\$	\$ 3,000.00	\$	\$ 3,000.00
Other Expenses					
Forked River Fire Company	365.57	11,989.14	12,354.71	11,989.14	365.57
Other Expenses					
Lanoka Harbor Fire Company	804.12	6,869.70	7,673.82	6,869.70	804.12
Other Expenses					
Bamber Lake Fire Company	8,376.41	7,917.34	16,293.75	9,626.36	6,667.39
Other Expenses					
Municipal Prosecutor	3,204.92		3,204.92	2,513.02	691.90
Other Expenses					
Municipal Court	9,695.87		9,695.87		9,695.87
Salaries and Wages	648.06	1,253.44	1,901.50	1,807.07	94.43
Other Expenses					
<u>Public Works</u>					
Streets and Road Maintenance					
Salaries and Wages	6,700.73		6,700.73		6,700.73
Other Expenses	6,315.26	6,308.34	12,623.60	5,827.52	6,796.08
Solid Waste Collection					
Salaries and Wages	876.46		876.46		876.46
Other Expenses	175,141.77	17,664.75	192,806.52	162,326.66	30,479.86
Buildings and Grounds					
Salaries and Wages	7,369.49		7,369.49		7,369.49
Other Expenses	10,112.95	9,011.72	19,124.67	7,672.71	11,451.96
Maintenance and Upgrade of Facilities					
Other Expenses	7,937.85	8,964.63	16,902.48	8,509.10	8,393.38
Sanitary Landfill Testing					
Other Expenses	900.00		900.00		900.00

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 6

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Vehicle Maintenance (Including Police)	\$ 25,135.16	\$ 43,072.76	\$ 68,207.92	\$ 47,014.39	\$ 21,193.53
Other Expenses					
Health and Welfare					
Public Health Services (Board of Health)					
Salaries and Wages	75.00		75.00		75.00
Other Expenses	515.67	7,294.49	7,810.16	7,294.49	515.67
Animal Control Services					
Other Expenses	1.00		1.00		1.00
Welfare/Administration of Public Assistance					
Other Expenses	2,500.00		2,500.00		2,500.00
Parks and Recreation					
Recreation Services and Programs					
Salaries and Wages	2,125.49		2,125.49		2,125.49
Other Expenses	9,092.70	483.83	9,576.53	333.60	9,242.93
Maintenance of Parks					
Other Expenses	2,105.35	5,689.61	7,794.96	5,689.61	2,105.35
Maintenance of Docks					
Other Expenses	1,725.37		1,725.37		1,725.37
Unclassified					
Accumulated Leave Compensation					
Salaries and Wages	541.99		541.99		541.99
Juvenile Committee					
Other Expenses	200.00		200.00	125.00	75.00
Environmental Commission					
Other Expenses	347.81		347.81		347.81

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 6

Utility Expenses and Bulk Purchases

	<u>Balance Dec. 31, 2010</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Electricity	\$ 24,485.68	\$ 4.40	\$ 24,490.08	\$ 24,032.95	\$ 457.13
Street Lighting	53,327.77		53,327.77	45,884.65	7,443.12
Telephone	2,069.33	31.95	2,101.28	2,069.33	31.95
Gas (Natural or Propane)	13,392.81	1,528.36	14,921.17	6,895.93	8,025.24
Fuel Oil	246.57		246.57		246.57
Telecommunications Costs	1,000.00		1,000.00		1,000.00
Gasoline	12,163.29	43,933.12	56,096.41	56,090.69	5.72
Landfill/Solid Waste Disposal Costs	36,582.56		36,582.56	18,921.04	17,661.52
<u>State Uniform Construction Code</u>					
Construction Official					
Salaries and Wages	4,284.07		4,284.07		4,284.07
Other Expenses	6,713.11	1,452.08	8,165.19	567.08	7,598.11
Contingent	500.00		500.00		500.00
Total Operations within Caps	<u>543,440.89</u>	<u>286,160.29</u>	<u>829,601.18</u>	<u>593,953.05</u>	<u>235,648.13</u>
<u>Statutory Expenditures</u>					
Contribution to:					
Social Security System (O.A.S.I.)	5,167.62		5,167.62		5,167.62
Total Appropriations within Caps	<u>548,608.51</u>	<u>286,160.29</u>	<u>834,768.80</u>	<u>593,953.05</u>	<u>240,815.75</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 6 of 6

APPROPRIATIONS EXCLUDED FROM CAPS

All Functions

	<u>Balance Dec. 31, 2010</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Length of Service Awards Program	\$ 6,900.00	\$	\$ 6,900.00	\$	\$ 6,900.00
NJ DEP Stormwater Permit					
Streets and Roads Maintenance					
Salaries and Wages	228.27		228.27		228.27
Other Expenses	1,463.66	2,648.00	4,111.66	350.00	3,761.66
NJ Recycling Enhancement Act					
Landfill/Solid Waste Disposal Costs					
Other Expenses	8,116.00		8,116.00		8,116.00
Shared Services					
Construction Official					
Other Expenses	47,185.77		47,185.77	22,815.13	24,370.64
Total Operations excluded from Caps	<u>63,893.70</u>	<u>2,648.00</u>	<u>66,541.70</u>	<u>23,165.13</u>	<u>43,376.57</u>
Total General Appropriations	<u>\$ 612,502.21</u>	<u>\$ 288,808.29</u>	<u>\$ 901,310.50</u>	<u>\$ 617,118.18</u>	<u>\$ 284,192.32</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2010		\$ 42,986.76
Increased by:		
County Tax	\$ 12,015,092.57	
County Library Tax	1,392,861.62	
County Health Tax	521,336.11	
County Open Space Tax	513,046.16	
Added and Omitted Taxes	<u>26,291.19</u>	
		<u>14,468,627.65</u>
		14,511,614.41
Decreased by:		
Payments		<u>14,485,323.22</u>
Balance December 31, 2011		\$ <u><u>26,291.19</u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2010:		
School Tax Payable	\$ 1,377,757.00	
School Tax Deferred	<u>18,563,681.00</u>	
		\$ 19,941,438.00
Increased by:		
Levy - School Year July 1, 2011 to June 30, 2012		<u>40,041,801.00</u>
		59,983,239.00
Decreased by:		
Payments		<u>40,276,670.00</u>
Balance December 31, 2011:		
School Tax Payable	7.00	
School Tax Deferred	<u>19,706,562.00</u>	
		\$ <u>19,706,569.00</u>
2011 Liability for Local District School Tax:		
Tax Paid		\$ 40,276,670.00
Tax Payable December 31, 2011		<u>7.00</u>
		40,276,677.00
Less: Tax Payable December 31, 2010		<u>1,377,757.00</u>
Amount Charged to 2011 Operations		\$ <u>38,898,920.00</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Assessment Trust Fund	Animal Control Trust Fund	Trust Other Fund	General Capital Fund
Balance December 31, 2010 - Due From/(Due To)	\$ (34,437.25)	\$ 639.04	\$ 5,264.20	\$ 113,449.21	\$ (153,789.70)
Increased by:					
Disbursements	529,652.67	11,380.00	2,418.00	174,547.26	341,307.41
Revenue Anticipated in Current Fund Budget:					
Interest Earned on Deposits	3.33		3.33		
Cancel Miscellaneous Trust Reserve Balances	4,897.60			4,897.60	
Total Increases	<u>534,553.60</u>	<u>11,380.00</u>	<u>2,421.33</u>	<u>179,444.86</u>	<u>341,307.41</u>
Total Increases and Balances	<u>500,116.35</u>	<u>12,019.04</u>	<u>7,685.53</u>	<u>292,894.07</u>	<u>187,517.71</u>
Decreased by:					
Receipts	430,686.01		7,682.20	235,503.81	187,500.00
Other Trust Fund Adjustment	1,283.28			1,283.28	
Total Decreases	<u>431,969.29</u>		<u>7,682.20</u>	<u>236,787.09</u>	<u>187,500.00</u>
Balance December 31, 2011 - Due From/(Due To)	\$ 68,147.06	\$ 12,019.04	\$ 3.33	\$ 56,106.98	\$ 17.71

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUND - GRANT FUND

Balance December 31, 2010 - Due To		\$ 121,366.80
Increased by:		
Receipts:		
Revenues Received by Current	\$ 231,927.72	
Unappropriated Reserves Received in		
Current Fund	<u>60,026.26</u>	
	291,953.98	
Cancel Grants Receivable	13,878.75	
Transferred from Budget Appropriations	<u>228,781.25</u>	
		<u>534,613.98</u>
		655,980.78
Decreased by:		
Disbursements:		
Grant Expenditures	317,435.90	
Cancel Appropriated Reserves	11,292.28	
Cancel Unappropriated Reserves	5,401.82	
Anticipated Budget Revenue	<u>220,153.25</u>	
		<u>554,283.25</u>
Balance December 31, 2011 - Due To		\$ <u>101,697.53</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

FEDERAL AND STATE GRANT FUND

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Revenue</u>	<u>Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2011</u>
2011 Grant Awards:					
Alcohol Education and Rehabilitation	\$	\$ 11,020.39	\$ 11,020.39	\$	\$
Body Armor Fund		5,400.00	5,400.00		
Clean Communities Program		57,119.07	57,119.07		
Homeland Security Grant		12,930.00	9,384.40	3,545.60	14,803.72
Municipal Alliance Program		31,030.00	16,226.28		20,247.50
Ocean County Recycling Mini Grant		20,247.50			
Recycling Tonnage Grant		82,406.29	82,406.29		
2010 Grant Awards:					
JAG Program	12,380.00		12,380.00		1,300.20
Municipal Alliance Program	13,881.31		12,581.11		
Prior Year Grant Awards:					
Bullet Proof Vest Program	3,392.33			3,392.33	
Community Development Block Grant	6,480.00			6,480.00	
966 Reimbursement Program	75,495.60		42,731.80		32,763.80
Buffer Zone Protection	76,626.24		76,165.52	460.72	
Municipal Alliance Program	.10			.10	
	<u>\$ 188,255.58</u>	<u>\$ 220,153.25</u>	<u>\$ 325,414.86</u>	<u>\$ 13,878.75</u>	<u>\$ 69,115.22</u>
Interfund - Current Fund			\$ 231,927.72		
Unappropriated Reserves			<u>93,487.14</u>		
			<u>\$ 325,414.86</u>		

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

FEDERAL AND STATE GRANT FUND

Sheet 1 of 2

SCHEDULE OF APPROPRIATED RESERVES

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Transfer from</u> <u>2011 Budget</u> <u>Appropriation</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Alcohol Education and Rehabilitation					
2011 Grant Award	\$ 4,529.88	\$ 11,020.39	\$ 3,484.13	\$	\$ 7,536.26
2008 and 2009 Grant Awards			4,405.87		124.01
Recycling Tonnage Grant					
2011 Grant Award	18.78	82,406.29	54,644.76	18.78	27,761.53
2008 Grant Award	163.24			163.24	
2007 Grant Award					
Drunk Driving Enforcement					
2010 Grant Award	17,200.48		16,973.10		227.38
2008 Grant Award	560.55		538.21		22.34
Clean Communities Program					
2011 Grant Award		57,119.07	57,119.07		
2010 Grant Award	28,794.25		28,072.91		721.34
2009 Grant Award	.52			.52	
2007 Grant Award	61.66			61.66	
Homeland Security Grant					
2011 Grant Award		12,930.00	9,384.40	3,545.60	
Body Armor Fund					
2011 Grant Award		5,400.00			5,400.00
2010 Grant Award	5,671.34		5,189.88		481.46
2008 Grant Award	4,950.12		4,950.12		
Municipal Alliance Program					
2011 Grant Award	6,481.19	39,658.00	39,554.30	29.00	103.70
2010 Grant Award	29.00		1,847.57	29.00	4,633.62
2009 Grant Award	3.05			3.05	
2008 Grant Award	617.40			617.40	
2007 Grant Award					

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

FEDERAL AND STATE GRANT FUND

Sheet 2 of 2

SCHEDULE OF APPROPRIATED RESERVES

	<u>Balance Dec. 31, 2010</u>	<u>Transfer from 2011 Budget Appropriation</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2011</u>
Grant					
Ocean County Recycling Mini Grant					
2011 Grant Award		\$ 20,247.50	\$ 6,698.00		\$ 13,549.50
2008 Grant Award	8.26			8.26	
Ocean County Tourism Grant					
2010 Grant Award	4,000.00				4,000.00
Prior Years Grant Award	500.00				500.00
966 Reimbursement Program					
2008 Grant Award	531.34				531.34
FY 2009	39,029.80		35,266.20		3,763.60
Special Legislative Grant					
2001 Dredging	1,731.55				1,731.55
Buffer Zone Protection					
2008 Grant Award	76,626.24		76,626.24		
Community Development Block Grant					
2008 Grant Award	364.77			364.77	
Prior Years Grant Award	6,480.00			6,480.00	
JAG Program					
2010 Grant Award	<u>12,380.00</u>		<u>12,380.00</u>		
	<u>\$ 210,733.42</u>	<u>\$ 228,781.25</u>	<u>\$ 357,134.76</u>	<u>\$ 11,292.28</u>	<u>\$ 71,087.63</u>
Interfund - Current Fund					
Reserve for Encumbrances			\$ 317,435.90		
			<u>39,698.86</u>		
			<u>\$ 357,134.76</u>		

TOWNSHIP OF LACEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-17

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

<u>Grant</u>	<u>Balance</u> Dec. 31, 2010	<u>Receipts</u>	<u>Utilized in</u> 2011 Budget	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
Alcohol Education and Rehabilitation	\$ 5,680.85		\$ 5,680.85		\$
Body Armor Fund	5,400.00	3,908.30	5,400.00	3,482.95	3,908.30
Click It or Ticket	3,482.95				
Drunk Driving Enforcement Fund		4,275.00		1,918.87	4,275.00
Municipal Alliance	1,918.87				
Recycling Tonnage Grant	82,406.29	51,842.96	82,406.29		51,842.96
	<u>\$ 98,888.96</u>	<u>\$ 60,026.26</u>	<u>\$ 93,487.14</u>	<u>\$ 5,401.82</u>	<u>\$ 60,026.26</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2010	\$ 7,142.07	\$ 2,880,802.79
Increased by Receipts:		
Animal Control Fees	\$ 24,943.30	
State Dog License Fees	3,364.20	
Interfunds	2,457.68	208,683.27
Miscellaneous Reserves	<u>30,765.18</u>	<u>1,815,299.81</u>
	<u>37,907.25</u>	<u>2,023,983.08</u>
Decreased by Disbursements:		
Expenditures Under R.S. 4:19-15-11	23,811.52	
Payments to State of New Jersey	3,425.40	
Interfunds	7,718.55	265,582.15
Miscellaneous Reserves	<u>34,955.47</u>	<u>1,971,801.71</u>
	<u>66,910.94</u>	<u>2,237,383.86</u>
Balance December 31, 2011	<u>\$ 2,951.78</u>	<u>\$ 2,667,402.01</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

ASSESSMENT TRUST FUND

Exhibit B-2

ANALYSIS OF CASH

	<u>Balance Dec. 31, 2010</u>	<u>Transfers</u>	<u>Balance Dec. 31, 2011</u>
		<u>From To</u>	
Ordinance No. 07-09, 08-22			
Sidewalk and Curbing on Lacey Road	\$ (11,153.33)	\$ 11,380.00	\$ 79,883.57
Interfunds:			
Current Fund	639.04		12,019.04
Other Trust Fund	(84,485.71)	7,416.90	(91,902.61)
General Capital Fund	<u>95,000.00</u>	<u>95,000.00</u>	
	\$ -0-	\$ 113,796.90	\$ -0-

TOWNSHIP OF LACEY - COUNTY OF OCEAN

ASSESSMENT TRUST FUND

Exhibit B-3

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Installments Number</u>	<u>Due Date</u>	<u>Balance Dec. 31, 2010</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>
<u>07-09, 08-22</u>	<u>Sidewalk and Curbing on Lacey Road</u>	<u>7/23/2009</u>	<u>5</u>	<u>9/1/2009-13</u>	<u>\$ 21,683.34</u>	<u>\$ 7,416.90</u>	<u>\$ 14,266.44</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

ASSESSMENT TRUST FUND

Exhibit B-4

SCHEDULE OF ASSESSMENT BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Paid by Budget Appropriation	Balance Dec. 31, 2011
07-09, 08-22	Sidewalk and Curbing on Lacey Road	7/24/2008	7/22/2011	7/20/2012	1.75%	\$ 175,610.00	\$ 11,380.00	\$ 164,230.00

TOWNSHIP OF LACEY - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-5

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Balance December 31, 2010		\$ 1,780.67
Increased by:		
Fees Collected in 2011	\$ 23,123.30	
Late Fees	<u>1,820.00</u>	
		<u>24,943.30</u>
		<u>26,723.97</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>23,811.52</u>
Balance December 31, 2011		<u><u>\$ 2,912.45</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ <u>26,935.20</u>
2010	<u>24,232.20</u>
	<u><u>\$ 51,167.40</u></u>

SCHEDULE OF DUE STATE OF NEW JERSEY

Exhibit B-6

Balance December 31, 2010		\$ 97.20
Increased by:		
Fees Collected		<u>3,364.20</u>
		<u>3,461.40</u>
Decreased by:		
Payments to State of New Jersey		<u>3,425.40</u>
Balance December 31, 2011		<u><u>\$ 36.00</u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-7

SCHEDULE OF MISCELLANEOUS RESERVES

Reserve for	Balance Dec. 31, 2010	Increased by		Disbursed	Decreased by		Balance Dec. 31, 2011
		Receipts	Interfunds		Interfunds	Cancelled	
Developer's Escrows:							
Affordable Housing Fees	\$ 1,449,779.39	\$ 13,451.08	\$	\$ 1,371.00	\$	\$	\$ 1,461,859.47
C.O. Inspections	48,966.25	3,040.00		5,116.26	468.74		46,421.25
Cash Performance Bonds	238,149.00	19,750.49		49,273.38			208,626.11
Inspection Fees	191,401.30	1,955.90		61,112.34			132,244.86
Interest Due to Developers	13,821.50	535.53					14,357.03
Lacey Road Sidewalk Improvements	4,777.60				4,777.60		
Land Development Fees	187,569.00	153,630.32		95,845.88	300.00		245,053.44
Street Lights	120.00					120.00	
Traffic Light at Haines and Barnegat Drive	27,630.16						27,630.16
Unimproved Street Inspection Fees	18,078.71	205.00	500.00	8,096.50			10,687.21
	<u>2,180,292.91</u>	<u>192,568.32</u>	<u>500.00</u>	<u>220,815.36</u>	<u>768.74</u>	<u>4,897.60</u>	<u>2,146,879.53</u>
Various Reserves:							
Death Registration	45,938.34			45,938.34			
Law Enforcement Forfeiture	26,298.96	1,519.33		2,903.35			24,914.94
Municipal Alliance Program	8,212.19	19,530.11		23,097.71	280.16		4,364.43
Parking Offenses Adjudication Act	199.00	32.00					231.00
Police Outside Employment	39,374.74	89,061.17	579.60	104,372.27	474.73		24,168.51
Premium on Tax Sale	161,050.00	98,800.00		162,600.00			97,250.00
Public Defender	3,460.60	19,186.50		16,665.40	1,473.00		4,508.70
Recreation Programs	6,904.95	17,535.00		12,620.45	174.00		11,645.50
Self Insurance Fund	95,545.21	84,820.55		72,844.20			11,976.35
Snow Removal	113,203.37	121,860.93	15.08	119,884.16			97,521.98
Third Party Liens	500,187.36	1,158,385.90	594.68	1,186,127.66			85,476.69
	<u>2,387.60</u>	<u>1,610,731.49</u>	<u>594.68</u>	<u>1,747,053.54</u>	<u>2,401.89</u>		<u>362,058.10</u>
Unemployment Compensation Insurance		12,000.00		3,932.81			10,454.79
	<u>\$ 2,682,867.87</u>	<u>\$ 1,815,299.81</u>	<u>\$ 1,094.68</u>	<u>\$ 1,971,801.71</u>	<u>\$ 3,170.63</u>	<u>\$ 4,897.60</u>	<u>\$ 2,519,392.42</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-8

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

(UNAUDITED)

Balance December 31, 2010		\$ 725,625.87
Increased by:		
Township Contributions to Trustee	\$ 307,050.00	
Earnings on Contributions	<u>3,476.65</u>	
		<u>310,526.65</u>
		<u>1,036,152.52</u>
Decreased by:		
Distributions	69,926.66	
Plan Administration Charges	<u>6,815.60</u>	
		<u>76,742.26</u>
Balance December 31, 2011		<u><u>\$ 959,410.26</u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

ASSESSMENT TRUST FUND

SCHEDULE OF INTERFUNDS

Exhibit B-9

	Total (Memo Only)	Current Fund	Other Trust Fund	General Capital Fund
Balance December 31, 2010 - Due From/(To)	\$ (11,153.33)	\$ (639.04)	\$ 84,485.71	\$ (95,000.00)
Increased by:				
Amount to be Raised Transferred to General Capital Fund	95,000.00			95,000.00
Assessments Receivable Deposited in Current Fund	7,416.90		7,416.90	
Total Increases	<u>102,416.90</u>		<u>7,416.90</u>	<u>95,000.00</u>
Total Increases and Balances	91,263.57	(639.04)	91,902.61	
Decreased by:				
Assessment Notes Disbursed in Current Fund	11,380.00	11,380.00		
Balance December 31, 2011 - Due From/(To)	\$ 79,883.57	\$ (12,019.04)	\$ 91,902.61	\$

TOWNSHIP OF LACEY - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-10

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2010 - Due To	\$ 5,264.20
Increased by:	
Receipts	<u>2,457.68</u>
	<u>7,721.88</u>
Decreased by:	
Disbursements	<u>7,718.55</u>
Balance December 31, 2011 - Due From	\$ <u>3.33</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-11

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Assessment Trust Fund
Balance December 31, 2010 - Due From/(To)	\$ <u>(197,934.92)</u>	\$ <u>(113,449.21)</u>	\$ <u>(84,485.71)</u>
Increased by:			
Disbursements	265,582.15	265,582.15	
Miscellaneous Reserves Deposited in Current Fund	<u>1,094.68</u>	<u>1,094.68</u>	
Total Increases	<u>266,676.83</u>	<u>266,676.83</u>	
Total Increases and Balances	<u>68,741.91</u>	<u>153,227.62</u>	<u>(84,485.71)</u>
Decreased by:			
Receipts	208,683.27	201,266.37	7,416.90
Miscellaneous Reserves Cancelled	4,897.60	4,897.60	
Miscellaneous Reserves Disbursed in Current Fund	<u>3,170.63</u>	<u>3,170.63</u>	
Total Decreases	<u>216,751.50</u>	<u>209,334.60</u>	<u>7,416.90</u>
Balance December 31, 2011 - Due From/(To)	\$ <u><u>(148,009.59)</u></u>	\$ <u><u>(56,106.98)</u></u>	\$ <u><u>(91,902.61)</u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2010		\$ 8,944.61
Increased by Receipts:		
Premium on Sale of Notes	\$ 37,494.60	
Interfunds	1,803,139.54	
Capital Improvement Fund	30,000.00	
Bond Anticipation Notes	449,060.00	
First Aid Contribution	35,531.00	
Grants Receivable	187,500.00	
Reserve for Debt Service	40,000.00	
		<u>2,582,725.14</u>
		2,591,669.75
Decreased by Disbursements:		
Payment to Current Fund as Anticipated Revenue	59,673.93	
Interfunds	1,649,332.13	
Improvement Authorizations	478,173.86	
		<u>2,187,179.92</u>
Balance December 31, 2011		\$ <u><u>404,489.83</u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2010		\$ 7,477,510.87
Decreased by:		
2011 Budget Appropriation to Pay:		
Serial Bonds	\$ 695,000.00	
DEP Loan Payable	<u>43,850.44</u>	
		<u>738,850.44</u>
Balance December 31, 2011		\$ <u>6,738,660.43</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Paid by Budget Appropriation	Assessment Trust Fund	Balance Dec. 31, 2011	Bond Anticipation Notes	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
General Improvements:									
06-55	Design and Construction of Connector Road	\$ 2,376,970.00	\$	\$	\$	\$ 2,376,970.00	\$ 276,970.00	\$	\$ 2,100,000.00
07-14	Public Works Vehicles and Equipment	109,000.00		11,700.00		97,300.00	97,300.00		
07-15	EMS Equipment and Court Security Upgrade	49,500.00		4,040.00		45,460.00	45,460.00		
07-20	Telephone System Upgrade	104,000.00		16,000.00		88,000.00	88,000.00		
07-28	Road and Drainage Improvements and Dredging	1,132,780.00				1,132,780.00	1,132,780.00		
08-10	Bayside Beach Dredging	260,000.00		8,970.00		251,030.00	251,030.00		
08-17, 08-20	Various Improvements	290,000.00		11,570.00		278,430.00	278,430.00		
08-21	Deerhead Lake Dam Improvements	512,023.00				512,023.00	512,023.00		
08-23	Acquisition of Real Property	1,900,000.00		24,060.00		1,875,940.00	1,875,940.00		
08-24	Comifer Drive Improvements	313,500.00		14,440.00		299,060.00	299,060.00		
08-26	Various Improvements	213,750.00		7,900.00		205,850.00	205,850.00		
08-27	Purchase of Fire Truck and Ambulance	905,000.00		52,000.00		853,000.00	853,000.00		
09-16	Wordens Oyster Pond	147,000.00				147,000.00	139,000.00		8,000.00
09-28	Comifer Drive Phase III	260,000.00				260,000.00	258,977.00		1,023.00
11-16	Lake Barnegat Drive North Road Improvements		120,000.00			120,000.00		70,156.65	49,843.35
11-20	Lake Barnegat Drive North Road Improvements, Alternate 2								
11-21	Purchase of an Ambulance					100,000.00		69,835.26	30,164.74
07-09, 08-22	Sidewalk and Curbing on Lacey Road				95,000.00	95,000.00		18,669.94	76,330.06
		<u>\$ 8,573,523.00</u>	<u>\$ 320,000.00</u>	<u>\$ 150,680.00</u>	<u>\$ 95,000.00</u>	<u>\$ 8,837,843.00</u>	<u>\$ 6,210,770.00</u>	<u>\$ 172,081.73</u>	<u>\$ 2,454,991.27</u>

Improvement Authorizations Unfunded
Less: Unfunded Proceeds of Bond Anticipation Notes:

Ordinance Number	Improvement Description	Amount
06-55	Design and Construction of Connector Road	\$ 48,856.78
07-28	Road and Drainage Improvements and Dredging	4,656.25
08-10	Bayside Beach Dredging	270.00
08-17, 08-20	Various Improvements	5,000.00
08-21	Deerhead Lake Dam Improvements	86,838.37
08-23	Acquisition of Real Property	70,700.00
08-26	Various Improvements	38,806.51
08-27	Purchase of Fire Truck and Ambulance	21,977.00
09-16	Wordens Oyster Pond	684.22
09-28	Comifer Drive Phase III	70,648.13
		<u>348,437.26</u>

\$ 2,454,991.27

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF GRANTS RECEIVABLE

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2011</u>
Grants without Offsetting Reserves:		
Department of Transportation:		
Conifer Road Phase III	09-28	\$ 65,000.00
Lake Barnegat Drive	11-16	<u>62,500.00</u>
		<u>\$ 127,500.00</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit C-7

Balance December 31, 2010		\$ 64,384.25
Increased by:		
Budget Appropriation		<u>30,000.00</u>
		<u>94,384.25</u>
Decreased by:		
Appropriations to Finance Improvement Authorizations		<u>25,000.00</u>
Balance December 31, 2011		<u>\$ 69,384.25</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Assessment Trust Fund
Balance December 31, 2010 - Due From/(To)	\$ <u>248,789.70</u>	\$ <u>153,789.70</u>	\$ <u>95,000.00</u>
Increased by:			
Disbursements:			
Interfund Liquidation	<u>1,649,332.13</u>	<u>1,485,102.13</u>	<u>164,230.00</u>
Total Increases and Balances	<u>1,898,121.83</u>	<u>1,638,891.83</u>	<u>259,230.00</u>
Decreased by:			
Receipts:			
Interest on Deposits	607.96	607.96	
Interfund Advances	1,802,531.58	1,638,301.58	164,230.00
Deferred to Future Taxation - Unfunded	<u>95,000.00</u>		<u>95,000.00</u>
Total Decreases	<u>1,898,139.54</u>	<u>1,638,909.54</u>	<u>259,230.00</u>
Balance December 31, 2011 - Due From/(To)	\$ <u><u>(17.71)</u></u>	\$ <u><u>(17.71)</u></u>	\$ <u><u> </u></u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2010		2011 Authorizations		Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2011	
				Funded	Unfunded	Funded	Unfunded			Funded	Unfunded
	General Improvements:										
	Purchase Equipment and Vehicles, Building Improvements										
06-19		5/14/2006	\$ 82,000.00	\$ 20,348.17	\$	\$	\$	\$	\$	\$ 20,348.17	\$
06-33	Purchase and Installation of Various Equipment	6/22/2006	205,000.00	2,858.57						2,858.57	
06-55	Design and Construction of Connector Road	12/28/2006	3,000,000.00		2,174,393.42				28,718.92		2,148,856.78
07-28	Road and Drainage Improvements and Dredging	8/23/2007	1,106,500.00					3,182.28			4,656.25
08-10	Bayside Beach Dredging	5/08/2008	290,000.00		194.60			4,656.25			270.00
08-17, 08-20	Various Improvements	5/22/2008	305,000.00		5,506.20			270.00	194.60		
08-21	Deerhead Lake Dam Improvements	7/10/2008	1,640,000.00		86,250.82		1,500.00	1,500.00	506.20		5,000.00
08-23	Acquisition of Real Property	9/25/2008	2,000,000.00		71,362.27				912.45		86,838.37
08-24	Conifer Drive Improvements	9/25/2008	330,000.00		22,067.85				662.27		70,700.00
08-26	Various Improvements	9/25/2008	225,000.00		94,547.87		4,448.75	4,448.75	636.48		25,880.12
08-27	Purchase of Fire Truck and Ambulance	9/25/2008	953,000.00		22,566.53		8,594.05	8,594.05	589.53		102,556.51
09-16	Wordens Oyster Pond	7/23/2009	160,000.00		8,138.71				455.24		21,977.00
09-28	Conifer Drive Phase III	12/22/2009	520,000.00		77,889.90		1,000.75	1,000.75	29,920.85		8,684.22
11-16	Lake Barnegat Drive North Road Improvements	8/11/2011	390,000.00			270,000.00		23,702.08	340,156.65		71,671.13
11-20	Lake Barnegat Drive North Road Improvements, Alternate 2										49,843.35
11-21	Purchase of an Ambulance	10/13/2011	105,000.00			5,000.00			74,835.26		30,164.74
	Local Improvements:	10/13/2011	135,531.00			35,531.00				35,531.00	100,000.00
07-09, 08-22	Sidewalk and Curbing on Lacey Road	4/26/2007	295,000.00		76,330.06						76,330.06
		9/25/2008									
				\$ 23,206.74	\$ 2,639,248.23	\$ 310,531.00	\$ 320,000.00	\$ 47,354.16	\$ 478,173.86	\$ 58,737.74	\$ 2,803,428.53
	Capital Improvement Fund					\$ 25,000.00					
	Grants Receivable					250,000.00					
	First Aid Contribution					35,531.00					
						\$ 310,531.00					

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2011		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	Amount				
General Improvements	8/01/2006	\$ 9,000,000	8/01/2012	\$ 725,000	4.00%			
			8/01/2013	755,000	4.00%			
			8/01/2014	790,000	4.00%			
			8/01/2015	825,000	4.00%			
			8/01/2016	855,000	4.00%			
			8/01/2017	895,000	4.00%			
			8/01/2018	935,000	4.00%			
						\$ 6,475,000.00	\$ 695,000.00	\$ 5,780,000.00

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF DEP LOAN PAYABLE

Sheet 1 of 2

Improvement Description	Date of Issue	Original Issue	Maturities of Loan		Interest Rate	Balance Dec. 31, 2010	Paid by Budget Appropriation	Balance Dec. 31, 2011
			Outstanding Date	Amount Schedule				
2003 Dam Restoration	11/23/2009	\$ 1,024,111.00	See Amortization Schedule		2.00%	\$ 1,002,510.87	\$ 43,850.44	\$ 958,660.43

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF DEP LOAN PAYABLE

Sheet 2 of 2

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 44,731.83	\$ 18,950.66
2013	45,630.94	18,051.56
2014	46,548.12	17,134.37
2015	47,483.74	16,198.76
2016	48,438.16	15,244.33
2017	49,411.77	14,270.73
2018	50,404.95	13,277.55
2019	51,418.09	12,264.41
2020	52,451.59	11,230.91
2021	53,505.86	10,176.62
2022	54,581.33	9,101.16
2023	55,678.41	8,004.07
2024	56,797.55	6,884.94
2025	57,939.18	5,743.31
2026	59,103.76	4,578.73
2027	60,291.74	3,390.74
2028	61,503.61	2,178.88
2029	62,739.80	942.66
	<u>\$ 958,660.43</u>	<u>\$ 187,624.39</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2011
06-55	Design and Construction of Connector Road	7/22/2011	7/20/2012	1.75%	\$ 276,970.00	\$	\$	\$ 276,970.00
07-14	Public Works Vehicle and Equipment	7/22/2011	7/20/2012	1.75%	106,174.00	2,826.00	11,700.00	94,474.00
07-15	EMS Equipment and Court Security Upgrades	7/22/2011	7/20/2012	1.75%	37,543.00		4,040.00	33,503.00
07-20	Telephone System Upgrade	7/22/2011	7/20/2012	1.75%	99,223.00	11,957.00	16,000.00	11,957.00
07-28	Road and Drainage Improvements and Dredging	7/22/2011	7/20/2012	1.75%		4,777.00		83,223.00
08-10	Bayside Beach Dredging	7/22/2011	7/20/2012	1.75%	732,780.00	400,000.00	8,970.00	4,777.00
08-17	Various Improvements	7/22/2011	7/20/2012	1.75%	230,500.00	29,500.00		732,780.00
08-21	Deerhead Lake Dam Improvements	7/22/2011	7/20/2012	1.75%	290,000.00		11,570.00	400,000.00
08-23	Acquisition of Real Property	7/22/2011	7/20/2012	1.75%	512,023.00			221,530.00
08-24	Conifer Drive Improvements	7/22/2011	7/20/2012	1.75%	1,900,000.00			29,500.00
08-26	Various Improvements	7/22/2011	7/20/2012	1.75%	274,200.00		24,060.00	278,430.00
08-27	Purchase Fire Truck and Ambulance	7/22/2011	7/20/2012	1.75%	150,000.00		14,440.00	512,023.00
09-16	Wordens Oyster Pond	7/22/2011	7/20/2012	1.75%	905,000.00		52,000.00	1,875,940.00
09-28	Conifer Drive Phase III	7/22/2011	7/20/2012	1.75%	139,000.00			259,760.00
					258,977.00			142,100.00
								853,000.00
								139,000.00
								258,977.00
					\$ 5,912,390.00	\$ 449,060.00	\$ 150,680.00	\$ 6,210,770.00

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF RESERVE FOR DEBT SERVICE

Balance December 31, 2010	\$ 150,000.00
Increased by: Receipts	<u>40,000.00</u>
Balance December 31, 2011	<u>\$ 190,000.00</u>

TOWNSHIP OF LACEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-14

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>
	General Improvements:	
06-55	Design and Construction of Connector Road	\$ 2,100,000.00
08-24	Conifer Drive Improvements	39,300.00
08-26	Various Improvements	63,750.00
09-16	Wordens Oyster Pond	8,000.00
09-28	Conifer Drive Phase III	1,023.00
11-16	Lake Barnegat Drive North Road Improvements	120,000.00
11-20	Lake Barnegat Drive North Road Improvements, Alternate 2	100,000.00
11-21	Purchase of an Ambulance	100,000.00
	Local Improvements:	
07-09, 08-22	Sidewalks and Curbing on Lacey Road	95,000.00
		<u>\$ 2,627,073.00</u>

TOWNSHIP OF LACEY

COUNTY OF OCEAN

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2011

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members
of the Township Committee
Township of Lacey
County of Ocean
Lacey, New Jersey

We have audited the financial statements of the Township of Lacey (the "Township"), as of and for the year ended December 31, 2011, and have issued our report thereon dated October 12, 2012. Our report disclosed that, as described in Note 1 to the regulatory basis financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and a qualified opinion since the Division does not require the Length of Service Award Program ("LOSAP") to be audited. Except as noted in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

Internal Control Over Financial Reporting (Continued)

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 Schedule of Finding and Response, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency finding 11-01 as described in the accompanying Schedule of Finding and Response to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the Township dated October 12, 2012. The Township's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

William E. Antonides and Company
Independent Auditors

October 12, 2012

TOWNSHIP OF LACEY - COUNTY OF OCEAN

SCHEDULE OF FINDING AND RESPONSE

YEAR ENDED DECEMBER 31, 2011

MATERIAL WEAKNESSES

Accounting Records

11-01 **Criteria** - The General Ledger is the Township's official permanent record which provides a summary of all financial transactions as they have been recorded in the books of original entry. The use of a General Ledger, together with the books of original entry and supporting subsidiary ledgers, constitutes a complete accounting system.

Conditions

- The General Ledger was not properly maintained. *
- The General Ledger was not, in all cases, in agreement with subsidiary ledger. *

Cause - The Township did not properly maintain its General Ledger and subsidiary records.

Effect - The year-end reports were not accurate, in all cases.

Recommendation - That the Township's General Ledgers be properly maintained.

Response - A similar comment appeared in the previous year's audit. We will continue efforts to ensure that the General Ledgers and subsidiary records are in agreement in all cases.

* Similar comment from prior year

TOWNSHIP OF LACEY

COUNTY OF OCEAN

SECTION IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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

SCOPE OF AUDIT

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

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

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

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

GENERAL COMMENTS

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

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The amount set forth pursuant to the above statute was \$17,500 for municipalities without a qualified purchasing agent (QPA) and \$36,000 with a qualified purchasing agent. In 2011, it was noted that the Division of Local Government Services adopted a temporary rule that permits municipalities to increase their bid threshold to \$26,000 for a person meeting certain eligibility requirements for the future anticipated QPA certification exam. The Township's bid threshold was \$17,500 for the year under audit.

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

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

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

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

The compliance review of expenditures revealed one contract in excess of the statutory limit where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

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

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

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

Collection of Interest on Delinquent Taxes and 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 1, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of the Township of Lacey, County of Ocean, State of New Jersey, as follows:

1. That the Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date, subject to any abatement or discount for the late payment of taxes as provided by law; and, if a delinquency is in excess of \$10,000 and remains arrears beyond December 31st of the tax year, an additional penalty of 6% shall be charged against the delinquency.
2. Effective January 1, 2011, there will be a ten (10) day grace period for quarterly tax payments made by cash, check or money order."

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

Delinquent Taxes and Tax Title Liens

The last tax and utility lien sale was held on February 3, 2011 and was complete.

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

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

Individual payments of the Local School District Taxes by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2011.

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

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

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

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. Findings 2010-01, 2010-03, 2010-04 and 2010-05 were not corrected and appear as Findings 11-01 and 11-02 for the period under audit. Finding 2010-02 regarding cash receipts journal was addressed in 2011.

FINDINGS/RECOMMENDATIONS

11-02 **Criteria** - All interfund balances should be liquidated by December 31 in accordance with the Division of Local Government Services.

Condition - There are a number of interfunds on the balance sheets as at December 31.

Recommendation - That an effort be made to liquidate all interfunds prior to December 31.

ACKNOWLEDGEMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the audit.

The foregoing comments and resultant recommendations, are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please contact us at your earliest opportunity.
