

SYNOPSIS OF 2007 AUDIT REPORT OF
TOWNSHIP OF LACEY, COUNTY OF OCEAN

AS REQUIRED BY N.J.S. 40A:5-7

COMBINED COMPARATIVE BALANCE SHEET
REGULATORY ACCOUNTING BASIS

	December 31, <u>2007</u>	December 31, <u>2006</u>
<u>Assets</u>		
Cash and Investments	\$ 19,544,765.29	\$ 17,621,954.31
Investments - LOSAP	389,946.35	262,164.02
Receivables Other Than Taxes	143,931.47	147,203.26
Taxes Receivable	587,830.31	505,851.76
Tax Title Liens Receivable	15,244.45	10,349.62
Property Acquired for Taxes	3,124,180.00	3,128,460.00
Deferred Charges	924,000.00	90,000.00
Deferred Charges To Future Taxation:		
Funded	8,420,000.00	9,000,000.00
Unfunded	4,611,280.00	2,850,000.00
Fixed Assets	<u>28,575,770.57</u>	<u>28,349,209.91</u>
 Total Assets	 <u><u>\$ 66,336,948.44</u></u>	 <u><u>\$ 61,965,192.88</u></u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Bonds Payable	\$ 8,410,000.00	\$ 9,000,000.00
Bond Anticipation Notes Payable	3,057,780.00	
Improvement Authorizations	3,536,993.42	3,764,909.54
Other Liabilities and Special Funds	13,601,256.80	11,966,147.70
LOSAP Miscellaneous Reserves	389,946.35	262,164.02
Reserve for Receivables and Other Assets	3,770,989.06	3,689,546.23
Investment in Fixed Assets	28,575,770.57	28,349,209.91
Fund Balance	<u>4,994,212.24</u>	<u>4,933,215.48</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 66,336,948.44</u></u>	 <u><u>\$ 61,965,192.88</u></u>

SYNOPSIS OF 2007 AUDIT REPORT OF
TOWNSHIP OF LACEY, COUNTY OF OCEAN

AS REQUIRED BY N.J.S. 40A:5-7

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

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 4,260,000.00	\$ 4,470,000.00
Miscellaneous - From Other Than Local Property Tax Levies	18,357,889.10	16,317,865.86
Collection of Delinquent Taxes and Tax Title Liens	531,035.03	442,184.17
Collection of Current Tax Levy	<u>57,775,867.75</u>	<u>53,727,543.38</u>
Total Revenues	<u>80,924,791.88</u>	<u>74,957,593.41</u>
<u>Expenditures</u>		
Budget Expenditures:		
Municipal Purposes	24,038,119.51	21,808,280.26
County Taxes	13,107,935.80	12,344,056.39
Local School Taxes	38,048,961.00	35,657,776.00
Other Expenditures	<u>2,152,903.61</u>	<u>543,571.09</u>
Total Expenditures	<u>77,347,919.92</u>	<u>70,353,683.74</u>
Excess in Revenue	3,576,871.96	4,603,909.67
Add: Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	<u>900,000.00</u>	<u>90,000.00</u>
Statutory Excess To Fund Balance	4,476,871.96	4,693,909.67
Fund Balance, January 1	<u>4,697,270.99</u>	<u>4,473,361.32</u>
	9,174,142.95	9,167,270.99
Decreased By:		
Utilized as Anticipated Revenue	<u>4,260,000.00</u>	<u>4,470,000.00</u>
Fund Balance, December 31	<u>\$ 4,914,142.95</u>	<u>\$ 4,697,270.99</u>

SYNOPSIS OF 2007 AUDIT REPORT OF
TOWNSHIP OF LACEY, COUNTY OF OCEAN
AS REQUIRED BY N.J.S. 40A:5-7

It is recommended that:

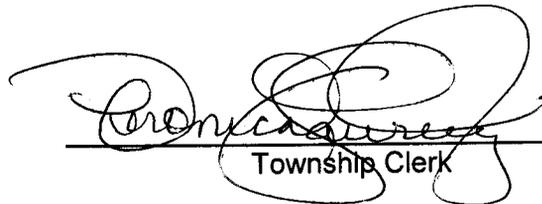
As it relates to the Finance Office:

- Interfund balances be liquidated by year-end.
- Analyze receipts and properly record to correct General Ledger accounts.

As it relates to the Tax Office:

- The Tax Office agree its report to the proper records prior to submitting to the State.

The above Synopsis was prepared from the report of audit of the Township of Lacey, County of Ocean, State of New Jersey for the calendar year 2007. A Corrective Action Plan outlining actions to be taken by the Township of Lacey to correct the above findings will be prepared in accordance with federal and state guidelines. A copy of the Plan will be on file and available for public inspection with the Township Clerk in the Township of Lacey no later than 60 days from the Township's receipt of the audit in compliance with directives from the Division of Local Government Services. This report of audit, submitted by Eugene M. Farrell, Registered Municipal Accountant, is on file at the Township Clerk's office and may be inspected by any interested person.


Township Clerk

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY
YEARS ENDED DECEMBER 31, 2007 AND 2006

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

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COUNTY OF OCEAN, NEW JERSEY

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TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

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Comments and Recommendations

Hutchins, Farrell, Meyer & Allison, P.A.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying regulatory-basis financial statements of the Township of Lacey, County of Ocean, New Jersey ("Township") as of December 31, 2007 and 2006, and for the year ended December 31, 2007, listed as financial statement exhibits in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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.

As described in Note 1, the Township prepares its financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from 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. In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Township's financial statements. The LOSAP Fund financial activities are included in the Township's Trust Fund, and represent 14.21% and 11.77% of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2007 and 2006.

Honorable Mayor and Members
of the Township Committee
Township of Lacey, New Jersey
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In our opinion, because of the effects of the Township's preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or the changes in its 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 of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the regulatory-basis financial statements referred to above present fairly, in all material respects, the financial position, on a regulatory accounting basis, of the various funds of the Township as of December 31, 2007 and 2006, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the Statements of Revenues - Regulatory Basis and the Statement of Expenditures - Regulatory Basis of the various funds for the years ended December 31, 2007 and 2006 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 25, 2008 on our consideration of the Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the regulatory-basis financial statements taken as a whole. The accompanying supplementary schedules and Comments section listed in the Table of Contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the regulatory-basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, 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.

Hutchins, Farrell, Meyer & Allison, P.A.

Independent Auditors

Eugene M Farrell

Eugene M. Farrell
Registered Municipal Accountant
(#409)

July 25, 2008

FINANCIAL STATEMENTS

CURRENT FUND
EXHIBITS

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

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

Years ended December 31, 2007 and 2006

	<u>Reference</u>	<u>2007</u>	<u>2006</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 4,260,000.00	\$ 4,470,000.00
Miscellaneous Revenue Anticipated	A-2	15,272,794.16	14,719,118.34
Receipts From Delinquent Taxes	A-2	531,035.03	442,184.17
Receipts From Current Taxes	A-2	57,775,867.75	53,727,543.38
Non-Budget Revenues	A-2	716,735.32	668,783.70
Other Credits To Income:			
Interfund:			
Animal Control Fund	10-A	16,319.61	14,685.47
General Capital Fund	11-A	1,709,295.48	127,692.33
Federal and State Grants	12-A	426,840.86	418,356.13
Cancel Grant Appropriation	12-A	2,791.91	529.64
Unexpended Balance of Appropriation Reserves	14-A	213,111.76	368,500.25
Cancel Accounts Payable	A-1		200.00
Total Revenues		<u>80,924,791.88</u>	<u>74,957,593.41</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	9,901,770.00	9,563,527.00
Other Expenses	A-3	11,118,578.86	6,314,153.88
Deferred Charges and Statutory Expenditures	A-3	773,000.00	730,000.00
Budget Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	144,525.00	139,638.00
Other Expenses	A-3	1,067,560.65	4,110,050.85
Capital Improvements	A-3	14,000.00	180,000.00
Debt Service	A-3	952,685.00	715,660.53
Deferred Charges	A-3	66,000.00	55,250.00

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

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

Years ended December 31, 2007 and 2006

	<u>Reference</u>	<u>2007</u>	<u>2006</u>
Expenditures: (continued)			
Seniors' and Veterans' Deductions			
Disallowed - 2006 Taxes	5-A	10,415.21	10,271.22
Interfund:			
Animal Control Fund	10-A	16,319.61	14,652.47
General Capital Fund	11-A	1,709,295.48	127,692.33
Federal and State Grants	12-A	414,135.76	388,166.10
Cancelled Grant Receivables	12-A	1,487.71	529.64
Local School District Taxes Payable	24-A	38,048,961.00	35,657,776.00
County Taxes Payable	25-A	12,988,864.98	12,207,258.42
Due County for Added and Omitted Taxes	25-A	119,070.82	136,797.97
Refund Prior Year Revenue	1-A	1,249.84	2,259.33
Total Expenditures		<u>77,347,919.92</u>	<u>70,353,683.74</u>
Excess in Revenue		3,576,871.96	4,603,909.67
Add: Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	36-A	<u>900,000.00</u>	<u>90,000.00</u>
Statutory Excess To Fund Balance		4,476,871.96	4,693,909.67
Fund Balance, January 1	A	<u>4,697,270.99</u>	<u>4,473,361.32</u>
		9,174,142.95	9,167,270.99
Decreased By:			
Utilized as Anticipated Revenue	A-2	<u>4,260,000.00</u>	<u>4,470,000.00</u>
Fund Balance, December 31	A	<u>\$ 4,914,142.95</u>	<u>\$ 4,697,270.99</u>

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	A-1	\$ 4,260,000.00	\$ 4,260,000.00	_____
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	9-A	13,000.00	16,554.50	\$ 3,554.50
Municipal Court:				
Fines and Costs	9-A	350,000.00	396,154.87	46,154.87
Interest and Costs on Taxes	9-A	75,000.00	108,377.91	33,377.91
Energy Receipts Tax (N.J.S.A. 54:30A-24.1 et seq.)	9-A	11,978,205.00	11,978,205.30	0.30
Reserve for Energy Receipts Taxes	9-A	262,990.00	262,990.00	
Sale of Beach Badges	9-A	10,000.00	10,667.00	667.00
Dock Rentals	9-A	50,000.00	71,295.00	21,295.00
Uniform Construction Code Enforcement:				
Fees and Permits	9-A	300,000.00	395,681.00	95,681.00
Interest on Investments and Deposits	9-A	500,000.00	765,935.39	265,935.39
County Recycling Rebate	9-A	20,000.00	54,477.32	34,477.32
Legislative Initiative Municipal Block Grant	9-A	99,382.00	99,382.00	
Municipal Property Tax Assistance	9-A	240,458.00	240,458.00	
Garden State Preservation Trust Fund	9-A	246,070.87	246,070.87	
Municipal Homeland Security Assistance	A-2	90,000.00		(90,000.00)
Pinelands Property Tax Stabilization	9-A	71,818.00	71,818.00	
Reserve To Pay Notes	9-A	237,675.17	229,256.55	(8,418.62)
Capital Fund Balance	9-A	120,000.00	120,000.00	
Community Development Block Grant	28-A	50,000.00	50,000.00	
Clean Communities Program	29-A	42,000.88	42,000.88	
Municipal Alliance on Alcoholism and Drug Abuse	29-A	25,814.00	25,814.00	
Recycling Tonnage Grant	29-A	14,751.81	14,751.81	
Ocean County Gang Initiative Program	29-A	3,600.00	3,600.00	
Ocean County Recycling Mini Grant	29-A	15,000.00	15,000.00	
Ocean County Tourism Advisory Council	29-A	950.00	950.00	
Alcohol Education and Rehabilitation Fund	29-A	5,130.62	5,130.62	
Drunk Driving Enforcement Fund	29-A	23,973.14	23,973.14	
N.J.S.P. Office Emergency Management 966 Fund	29-A	20,250.00	20,250.00	
Div. Highway Traffic Safety - Click It or Ticket	29-A	4,000.00	4,000.00	
Total Miscellaneous Revenues	A-1	<u>14,870,069.49</u>	<u>15,272,794.16</u>	<u>402,724.67</u>
Receipts From Delinquent Taxes	A-2	<u>300,000.00</u>	<u>531,035.03</u>	<u>231,035.03</u>
Subtotal General Revenues		<u>15,170,069.49</u>	<u>15,803,829.19</u>	<u>633,759.70</u>
Amount To Be Raised By Taxes for Support of Municipal Budget	A-2	<u>5,235,269.94</u>	<u>6,546,190.87</u>	<u>1,310,920.93</u>
Budget Totals		<u>24,665,339.43</u>	<u>26,610,020.06</u>	<u>1,944,680.63</u>
Non-Budget Revenues	A-2	<u> </u>	<u>716,735.32</u>	<u>716,735.32</u>
	A-3	<u>\$ 24,665,339.43</u>	<u>\$ 27,326,755.38</u>	<u>\$ 2,661,415.95</u>

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	<u>Reference</u>	
Current Taxes Collected	A-1,6-A	\$ 57,775,867.75
Amounts Allocated To School and County	6-A	<u>52,756,896.80</u>
		5,018,970.95
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,527,219.92</u>
Realized for Current Year	A-2	<u>\$ 6,546,190.87</u>
Receipts From Delinquent Taxes:		
Delinquent Tax Collections	6-A	\$ 530,340.08
Tax Title Liens Collected	7-A	<u>694.95</u>
	A-2	<u>\$ 531,035.03</u>
Municipal Clerk:		
Vacation of Streets		\$ 31,000.00
Street Openings		45,232.60
Photocopies		911.90
Township Maps and Books		1,045.83
Police Reports		11,721.51
Variances and Assessment Searches		1,280.00
Garage Sales		2,744.00
Bingo and Raffle Licenses		8,290.00
Polling Place Reimbursements		1,172.80
Community Hall		21,579.00
Miscellaneous		1,547.52
Land Sales		25,400.00
Public Auction		<u>1,150.00</u>
	A-2	<u>\$ 153,075.16</u>
Board of Health:		
Certified Copies		\$ 5,490.00
Food Establishment and Mobile Food Licenses		2,380.00
Marriage Licenses/Domestic Partner/ Civil Union Certificates		501.00
Kennel and Laundry Licenses		350.00
Burial Certificates		<u>44,787.00</u>
	A-2	<u>\$ 53,508.00</u>
Planning and Zoning:		
Site Plan Revenue		\$ 6,950.00
Street Vacation Fees		4,213.82
Minor Subdivision		4,950.00
Variances		5,370.00
Zoning Permits		28,745.00
Flood Certification and Administrative Approval		730.00
Tax Map Maintenance Fees		26,740.00
Other Fees		<u>1,012.50</u>
	A-2	<u>\$ 78,711.32</u>

See accompanying notes.

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

Reference

Tax Collector:		\$	
Tax Searches, Recordings and Lien Fees			395.00
Property Maintenance Reimbursements			304.78
Duplicate Tax Bills and Photocopies			600.50
Duplicate Certificate of Redemption			1,200.00
2% Administrative Fee on Seniors/Veterans			11,920.48
Cost of Tax Sale			18,810.81
Electronic File Fees			1,200.00
Miscellaneous			1,225.17
	A-2		\$ 35,656.74

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:		\$	
Tax Collector			35,656.74
Board of Health			53,508.00
Planning and Zoning			78,711.32
Municipal Clerk			153,075.16
Municipal Court - Miscellaneous			4,740.00
Motor Vehicle Inspection Fines			1,550.00
Refund/Overpayments			58.00
In Lieu of Taxes			52,447.08
Cable TV Franchise Tax			107,002.32
Insurance Refunds/Reimbursement			63,343.04
Fuel Reimbursements			23,805.32
Miscellaneous/Treasurer			15,646.73
Recycling			8,896.74
Traffic Duty Administrative Fees			44,662.67
Statutory Excess			14,576.00
Void Old Outstanding Checks			4,001.30
Settlements with Developers			55,054.90
	A-1,A-2		\$ 716,735.32

Cash Receipts	1-A		\$ 678,423.06
Cash Receipts - Collector	4-A		23,736.26
Due From Animal Control Fund	10-A		14,576.00
			\$ 716,735.32

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

General Appropriations Operations - Within "CAPS"	Appropriations		Budget After Modification	Paid	Encumbered	Reserved
	Budget	Emergency Appropriation				
GENERAL GOVERNMENT						
General Administration:			\$ 141,500.00	\$ 140,954.03		\$ 545.97
Salaries and Wages	\$ 144,500.00		24,925.00	9,555.00	\$ 2,730.24	12,639.76
Other Expenses	24,925.00					
Township Committee:			35,500.00	35,499.88		0.12
Salaries and Wages	35,500.00		1,400.00	775.00		625.00
Other Expenses	1,400.00					
Municipal Clerk:			153,000.00	152,708.53		291.47
Salaries and Wages	152,500.00		42,300.00	39,257.03	648.00	2,394.97
Other Expenses	42,300.00					
Financial Administration (Treasury):			274,500.00	273,363.43		1,136.57
Salaries and Wages	270,500.00		30,425.00	27,011.88	1,646.95	1,766.17
Other Expenses	30,425.00					
Audit Services:			30,900.00	30,900.00		
Other Expenses	30,900.00					
Computerized Data Processing:			103,400.00	71,099.99	21,733.74	10,566.27
Other Expenses	103,400.00					
Revenue Administration (Tax Collection):			236,250.00	235,795.64		454.36
Salaries and Wages	236,250.00		64,020.00	35,715.60	20,745.95	7,558.45
Other Expenses	64,020.00					
Tax Assessment Administration:			265,500.00	259,705.59		5,794.41
Salaries and Wages	265,500.00		917,100.00	912,173.93		4,926.07
Other Expenses	17,100.00	\$ 900,000.00				
Tax Map Maintenance:			20,000.00	9,662.75	8,637.25	1,700.00
Other Expenses	20,000.00					
Legal Services:			217,600.00	125,329.29		92,270.71
Other Expenses	275,000.00					
Engineering Services:			115,000.00	84,438.75	14,042.59	16,518.66
Other Expenses	105,000.00					
LAND USE ADMINISTRATION						
Planning Board:			3,000.00	2,750.00		250.00
Salaries and Wages	3,000.00		39,440.00	8,392.94	1,774.81	29,272.25
Other Expenses	39,440.00					
Board of Adjustment:			3,000.00	3,000.00		1.00
Salaries and Wages	3,000.00		27,900.00	26,354.60	1,544.40	
Other Expenses	27,900.00					
Land Use:			261,500.00	256,377.93		5,122.07
Salaries and Wages	261,500.00		7,525.00	2,887.43	1,345.87	3,291.70
Other Expenses	7,525.00					
Affordable Housing:			10,000.00	1,925.25	8,074.75	
Other Expenses	10,000.00					
Code Enforcement and Zoning:			57,000.00	51,027.16		5,972.84
Salaries and Wages	57,000.00		7,725.00	3,541.90	33.00	4,150.10
Other Expenses	7,725.00					

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

General Appropriations Operations - Within "CAPS"	Appropriations		Paid	Encumbered	Reserved
	Budget	Emergency Appropriation			
INSURANCE					
General Liability	331,683.39		296,616.38		67.01
Workers Compensation	537,417.80		537,405.85		11.95
Employee Group Health	2,680,800.00		2,703,112.26	8,667.87	9,019.87
Unemployment Insurance	15,000.00		15,000.00		
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	4,912,500.00		4,907,390.03		15,109.97
Other Expenses	238,075.00		139,269.28	96,895.45	1,910.27
Crossing Guards:					
Salaries and Wages	68,000.00		62,662.04		5,337.96
Other Expenses	1,800.00		570.00	1,215.45	14.55
Office of Emergency Management:					
Salaries and Wages	6,460.00		5,714.63		745.37
Other Expenses	1,550.00		1,514.65		35.35
Search and Recovery Team:					
Other Expenses	1,000.00		993.70		6.30
Aid To Volunteer Fire Companies:					
Other Expenses	31,572.00		21,572.00	10,000.00	
Aid To Volunteer Ambulance Squads:					
Other Expenses	50,000.00		25,000.00		25,000.00
Maintenance and Repair of Emergency Equipment:					
Other Expenses	4,000.00		3,725.00		275.00
Fire:					
Forked River Fire Company:					
Other Expenses	39,400.00		37,564.75	1,298.85	536.40
Lanoka Harbor Fire Company:					
Other Expenses	30,440.00		19,883.23	9,921.75	635.02
Bamber Lake Fire Company:					
Other Expenses	14,950.00		14,781.47		168.53
Municipal Prosecutor:					
Other Expenses	31,000.00		28,985.85	2,960.55	4,553.60
Municipal Court:					
Salaries and Wages	256,000.00		248,850.18		7,149.82
Other Expenses	23,850.00		19,007.50		4,842.50
Public Defender (P.L. 1997,c.256):					
Other Expenses	7,000.00		11,666.94		833.06

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

General Appropriations Operations - Within "CAPS"	Appropriations		Paid	Encumbered	Reserved
	Budget	Emergency Appropriation			
STREETS AND ROADS					
Streets and Road Maintenance:					
Salaries and Wages	1,717,075.00		1,681,117.45		35,957.55
Other Expenses	201,350.00		180,125.79	20,463.47	760.74
Solid Waste Collection:					
Salaries and Wages	177,600.00		178,943.87		156.13
Other Expenses	2,255,070.00		2,062,483.27	188,281.07	4,305.66
Building and Grounds:					
Salaries and Wages	428,600.00		430,493.11		106.89
Other Expenses	105,300.00		101,142.42	3,963.94	193.64
Maintenance and Upgrade of Facilities:					
Other Expenses	40,000.00		39,978.84		21.16
Sanitary Landfill Testing:					
Other Expenses	1,000.00		1,000.00		1,000.00
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	226,000.00		217,557.73	16,021.45	1,020.82
HEALTH AND WELFARE					
Public Health Services (Board of Health):					
Salaries and Wages	900.00		900.00		
Other Expenses	10,550.00		8,126.68	672.94	1,750.38
Animal Control Services:					
Other Expenses	49,500.00		24,499.98	4,083.33	20,916.69
Welfare/Administration of Public Assistance:					
Other Expenses	4,500.00				4,500.00
Senior Outreach Services:					
Other Expenses	5,000.00		5,000.00		
RECREATION AND EDUCATION					
Recreation Services and Programs:					
Salaries and Wages	348,085.00		322,186.35		5,898.65
Other Expenses	46,675.00		40,478.71	4,996.08	1,200.21
Maintenance of Parks:					
Other Expenses	103,000.00		102,924.21	46.43	29.36
Maintenance of Docks:					
Other Expenses	5,000.00		1,824.68		3,175.32

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

General Appropriations Operations - Within "CAPS"	Appropriations		Paid	Encumbered	Reserved
	Budget	Emergency Appropriation			
UNCLASSIFIED					
Prior Year Bills:			1,440.67		
Other Expenses	1,440.67				
Accumulated Leave Compensation:			254,447.44		5,552.56
Salaries and Wages	260,000.00				
Juvenile Committee:			228.05		21.95
Other Expenses	250.00				
Environmental Committee:			1,947.05		2,052.95
Other Expenses	4,000.00				
WLTS Channel 21:					15,000.00
Other Expenses	15,000.00				
Salary and Wage Adjustments:					9,800.00
Salaries and Wages	35,000.00				
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	262,000.00		240,883.49		21,116.51
Street Lighting	370,000.00		368,282.09		1,717.91
Telephone	76,000.00		63,857.24	197.86	11,944.90
Gas (Natural or Propane)	60,500.00		50,686.16		9,813.84
Fuel Oil	700.00		463.30		236.70
Telecommunications Costs	2,000.00		194.57		1,805.43
Gasoline	269,000.00		261,580.41	20,281.66	17,137.93
Landfill/Solid Waste Disposal Costs	1,234,750.00		1,070,084.53	164,664.47	1.00
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Salaries and Wages	292,500.00		273,465.66		19,034.34
Other Expenses	15,695.00		11,265.32	2,808.80	1,620.88
Total Operations - Within "CAPS"	20,142,848.86	900,000.00	21,019,848.86	19,898,098.34	481,351.55
Contingent	500.00		500.00		500.00
Total Operations - Within "CAPS" Including Contingent	20,143,348.86	900,000.00	21,020,348.86	19,898,098.34	481,851.55
Detail:					
Salaries and Wages	9,931,970.00		9,777,352.95		124,417.05
Other Expenses	10,211,378.86	900,000.00	10,120,745.39	640,398.97	357,434.50
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"					
STATUTORY EXPENDITURES					
Contributions To:					
Social Security System (O.A.S.I.)	750,000.00		773,000.00	769,253.62	3,746.38
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	750,000.00		773,000.00	769,253.62	3,746.38
Total General Appropriations - Within "CAPS"	20,893,348.86	900,000.00	21,793,348.86	20,667,351.96	485,597.93

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Appropriations		Budget After Modification	Paid	Encumbered	Reserved
	Budget	Emergency Appropriation				
General Appropriations Operations - Excluded From "CAPS"						
Public Employees' Retirement System	155,518.20		155,518.20	155,518.20		
Police and Firemen's Retirement System of N.J.	548,944.00		548,944.00	548,944.00		
Length of Service Award Program	125,000.00		125,000.00	114,381.49		10,618.51
NJPDES Stormwater Permit (N.J.S.A. 40A:4-45.3(cc)):						
Streets and Roads Maintenance:						
Salaries and Wages	144,525.00		144,525.00	144,525.00		
Other Expenses	24,000.00		24,000.00	24,000.00		
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES						
Community Development Block Grant	50,000.00		50,000.00	50,000.00		
Clean Communities Program	42,000.88		42,000.88	42,000.88		
Municipal Alliance Program	34,442.00		34,442.00	34,442.00		
Div. Highway Traffic Safety - Click It or Ticket	4,000.00		4,000.00	4,000.00		
Alcohol Education and Rehabilitation Fund	5,130.62		5,130.62	5,130.62		
Drunk Driving Enforcement Fund	23,973.14		23,973.14	23,973.14		
Ocean County Tourism Grant	950.00		950.00	950.00		
Ocean County Gang Initiative Program	3,600.00		3,600.00	3,600.00		
N.J.S.P. Office Emergency Management 966 Fund	20,250.00		20,250.00	20,250.00		
Ocean County Recycling Mini Grant	15,000.00		15,000.00	15,000.00		
N.J. DEP Recycling Tonnage Grant	14,751.81		14,751.81	14,751.81		
Total Operations - Excluded From "CAPS"	1,212,085.65		1,212,085.65	1,201,467.14		10,618.51
Detail:						
Salaries and Wages	144,525.00		144,525.00	144,525.00		
Other Expenses	1,067,560.65		1,067,560.65	1,056,942.14		10,618.51
Capital Improvements - Excluded From "CAPS"						
Bulkhead Repairs	14,000.00		14,000.00	14,000.00		
Total Capital Improvements - Excluded From "CAPS"	14,000.00		14,000.00	14,000.00		
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	590,000.00		590,000.00	590,000.00		
Interest on Bonds	362,685.00		362,685.00	362,685.00		
Total Municipal Debt Service - Excluded From "CAPS"	952,685.00		952,685.00	952,685.00		

See accompanying notes.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

		Appropriations				
	Budget	Emergency Appropriation	Budget After Modification	Paid	Encumbered	Reserved
General Appropriations Operations - Excluded From "CAPS"						
DEFERRED CHARGES	6,000.00		6,000.00	6,000.00		
Special Emergency	60,000.00		60,000.00	60,000.00		
Emergency Authorization						
Total Deferred Charges - Excluded From "CAPS"	<u>66,000.00</u>		<u>66,000.00</u>	<u>66,000.00</u>		
Subtotal General Appropriations	23,138,119.51	900,000.00	24,038,119.51	22,901,504.10	640,398.97	496,216.44
Reserve for Uncollected Taxes	<u>1,527,219.92</u>		<u>1,527,219.92</u>	<u>1,527,219.92</u>		
Total General Appropriations	<u>\$ 24,665,339.43</u>	<u>\$ 900,000.00</u>	<u>\$ 25,565,339.43</u>	<u>\$ 24,428,724.02</u>	<u>\$ 640,398.97</u>	<u>\$ 496,216.44</u>
	<u>Reference</u>	36-A			16-A	A
Budget	A-3	\$ 24,572,845.95	\$ 24,572,845.95			
Appropriation By 40A:4-87	A-3	92,493.48	92,493.48			
Emergency Appropriation	36-A		<u>900,000.00</u>			
		<u>\$ 24,665,339.43</u>	<u>\$ 25,565,339.43</u>			
Cash Disbursements	1-A			\$ 21,721,405.65		
Reserve for:						
Uncollected Taxes	A-2			1,527,219.92		
State Grants	12-A,30-A,31-A			214,098.45		
Revaluation	26-A			900,000.00		
Deferred Charges	36-A			<u>66,000.00</u>		
				<u>\$ 24,428,724.02</u>		

See accompanying notes.

TRUST FUND
EXHIBIT

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2007 and 2006

<u>Assets</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>
				Animal Control Fund:			
				Reserve for Animal Control Fund	3-B	\$ 26,594.62	\$ 27,064.00
				Expenditures	5-B	34.20	22.20
				Due To State of New Jersey			
						<u>26,628.82</u>	<u>27,086.20</u>
Animal Control Fund:				Trust - Other Fund:			
Cash	1-B	\$ <u>26,628.82</u>	\$ <u>27,086.20</u>	Various Reserves	6-B	514,807.30	484,539.86
				Reserve for:			
Trust - Other Fund:				Unemployment Compensation Insurance	7-B	21,233.03	20,117.12
Cash	1-B	2,305,092.09	1,784,591.94	Developers' Escrow Fund	8-B	1,440,718.44	1,129,939.52
Due From Current Fund	2-B	950.00	154,200.00	Encumbrances	9-B	329,283.32	304,195.44
						<u>2,306,042.09</u>	<u>1,938,791.94</u>
				Length of Service Award Program			
				Fund ("LOSAP") - Unaudited:			
				Miscellaneous Reserves	11-B	389,946.35	262,164.02
Length of Service Award Program	10-B	389,946.35	262,164.02				
Fund ("LOSAP") - Unaudited:				Total Liabilities and Reserves		<u>\$ 2,722,617.26</u>	<u>\$ 2,228,042.16</u>
Investments							
Total Assets		<u>\$ 2,722,617.26</u>	<u>\$ 2,228,042.16</u>				

See accompanying notes.

GENERAL CAPITAL FUND
EXHIBITS

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2007 and 2006

<u>Assets</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>
				Serial Bonds Payable	5-C	\$ 8,410,000.00	\$ 9,000,000.00
				Bond Anticipation Notes	6-C	2,166,280.00	
				Encumbrances Payable	7-C	1,348,122.53	1,105,055.60
				Improvement Authorizations:			
				Funded	8-C	401,042.89	914,909.54
				Unfunded	8-C	3,135,950.53	2,850,000.00
Cash	1-C	\$ 3,079,891.19	\$ 2,611,720.43	Capital Improvement Fund	9-C	160,834.25	126,554.25
Deferred Charges To Future Taxation:				Reserve To Pay Bonds and Notes	10-C	402,996.50	229,256.55
Funded	3-C	8,410,000.00	9,000,000.00	Reserve for Prospective Assessment			
Unfunded	4-C	4,611,280.00	2,850,000.00	Raised By Taxation	C	10,000.00	
Due From Current Fund	11-C	4,124.80		Fund Balance	C-1	80,069.29	235,944.49
Prospective Assessment Raised By Taxation	C	10,000.00					
Total Assets		<u>\$ 16,115,295.99</u>	<u>\$ 14,461,720.43</u>	Total Liabilities, Reserves and Fund Balance		<u>\$ 16,115,295.99</u>	<u>\$ 14,461,720.43</u>

See accompanying notes.

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	C		\$ 235,944.49
Increased By:			
Premium on Notes	11-C		<u>4,124.80</u>
			240,069.29
Decreased By:			
Anticipated Revenue in Current Fund	1-C	\$ 120,000.00	
Appropriated To Finance Improvement	8-C	<u>40,000.00</u>	
Authorization			<u>160,000.00</u>
Balance, December 31, 2007	C		<u><u>\$ 80,069.29</u></u>

See accompanying notes.

GENERAL FIXED ASSETS ACCOUNT GROUP
EXHIBIT

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2007 and 2006

<u>Assets</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>	<u>Liabilities</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>
Land	1-D	\$ 12,256,600.00	\$ 12,252,800.00				
Buildings	1-D	3,011,800.00	3,011,800.00				
Machinery and Equipment	1-D	<u>13,307,370.57</u>	<u>13,084,609.91</u>	Investment in General Fixed Assets	1-D	\$ 28,575,770.57	\$ 28,349,209.91
Total Assets		<u>\$ 28,575,770.57</u>	<u>\$ 28,349,209.91</u>	Total Liabilities		<u>\$ 28,575,770.57</u>	<u>\$ 28,349,209.91</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

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

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

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

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

No depreciation is provided for in the financial statements.

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

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

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

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

Revenues

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

Expenditures

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

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

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

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

D. Budgets and Budgetary Accounting

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

E. Grants

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

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

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

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

G. Foreclosed Property

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

H. Interfund Receivables

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

I. Deferred Charges to Future Taxation Funded and Unfunded

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

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

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Township annually at an actuarially determinable rate for its required contribution. The current rate is 5.0% for PERS and 8.5% for PFRS of annual covered payroll.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2007	\$ 155,518.20	\$ 548,944.00
2006	86,976.40	352,416.00
2005	43,251.29	166,050.40

K. Volunteer Length of Service Award Plan

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer First Aid 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 \$1,150.00 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.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

K. Volunteer Length of Service Award Plan (continued)

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall not be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Estimated Cost - The estimated cost of the program to the Township has been calculated to be approximately \$129,950.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

L. Deposits and Investments

Deposits

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

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

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments

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

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

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

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

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

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

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

M. Inventories of Supplies

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

N. Compensated Absences

The Township records expenditures for earned but unused vacation and sick leave in the accounting period that the payments are made to the employees pursuant to established personnel policy procedures. GAAP requires that expenditures be recorded in the Governmental (Current) Fund in an amount that would normally be liquidated with available financial resources.

2. Deposits and Investments

Deposits

The carrying amount of the Township's cash and cash equivalents at December 31, 2007 was \$19,544,765.29 and the bank balance was \$20,012,103.73. Of the bank balance, \$200,000.00 was covered by federal depository insurance and the remaining \$19,812,103.73 was covered under the unit certificate of eligibility as required by New Jersey statutes.

<u>Depository Account</u>	<u>2007</u>	<u>Bank Balance</u>	<u>2006</u>
Insured:			
FDIC	\$ 200,000.00		\$ 200,000.00
Collateralized:			
GUDPA	<u>19,812,103.73</u>		<u>17,958,716.76</u>
	<u>\$20,012,103.73</u>		<u>\$18,158,716.76</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. As of December 31, 2007, the Township's bank balance was not exposed to custodial credit risk.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

2. Deposits and Investments (continued)

Investments

As of December 31, 2007, the Township had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Book Value</u>
2007:		
LOSAP	<u>\$ 389,946.35</u>	<u>\$ 389,946.35</u>
2006:		
LOSAP	<u>\$ 262,164.02</u>	<u>\$ 262,164.02</u>

Interest Rate Risk

LOSAP investment options are at the discretion of each individual participant and not the Township.

Credit Risk

State law limits investments as noted above.

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

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.

3. Interfund Balances and Activity

Balances due to/from other funds at December 31, 2007 consist of the following:

Due to General Capital Fund from Current Fund representing premium on rates not paid over	\$ 4,124.80
Due to Current Fund from Federal and State Grant Fund representing expenditures in excess of receipts	4,490.71
Due to Trust - Other Fund from Current Fund representing cash disbursed in Trust Fund for Tourism Grant	950.00

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

4. Taxes Receivable

Taxes receivable as of December 31, 2007, consist of the following:

<u>2007</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 586,644.96	\$ 1,185.35	\$ 15,244.45	\$ 603,074.76

In 2007, the Township collected \$514,487.32 from delinquent taxes, which represented 100% of the delinquent tax receivable at December 31, 2006.

Taxes receivable as of December 31, 2006, consist of the following:

<u>2006</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 501,191.08	\$ 4,660.68	\$ 10,349.62	\$ 516,201.38

In 2006, the Township collected \$369,530.15 from delinquent taxes, which represented 99.15% of the delinquent tax receivable at December 31, 2005.

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2007 and 2006.

<u>2007</u>	Balance, December 31, <u>2006</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2007</u>
Land	\$ 12,252,800.00	\$ 183,400.00	\$ 179,600.00	\$ 12,256,600.00
Buildings	3,011,800.00			3,011,800.00
Machinery and Equipment	<u>13,084,609.91</u>	<u>222,760.66</u>	<u> </u>	<u>13,307,370.57</u>
Total	<u>\$ 28,349,209.91</u>	<u>\$ 406,160.66</u>	<u>\$ 179,600.00</u>	<u>\$ 28,575,770.57</u>
	Balance, December 31, <u>2005</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2006</u>
Land	\$ 12,252,500.00	\$ 178,300.00	\$ 178,000.00	\$ 12,252,800.00
Buildings	3,011,800.00			3,011,800.00
Machinery and Equipment	<u>12,513,385.87</u>	<u>717,701.04</u>	<u>146,477.00</u>	<u>13,084,609.91</u>
Total	<u>\$ 27,777,685.87</u>	<u>\$ 896,001.04</u>	<u>\$ 324,477.00</u>	<u>\$ 28,349,209.91</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

6. Long-Term Debt

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ <u>11,467,780.00</u>	\$ <u>9,000,000.00</u>	\$ <u>7,044,150.00</u>
Less:			
Reserve To Pay			
Bonds and Bond			
Anticipation Notes	402,996.50	229,256.55	253,153.30
Excess Financing	<u> </u>	<u> </u>	<u>93,006.55</u>
Total Deductions	<u>402,996.50</u>	<u>229,256.55</u>	<u>346,159.85</u>
Net Debt Issued	<u>11,064,783.50</u>	<u>8,770,743.45</u>	<u>6,697,990.15</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>2,445,000.00</u>	<u>2,850,000.00</u>	<u>86,550.00</u>
Total Authorized But Not Issued	<u>2,445,000.00</u>	<u>2,850,000.00</u>	<u>86,550.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 13,509,783.50</u>	<u>\$ 11,620,743.45</u>	<u>\$ 6,784,540.15</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

6. Long-Term Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.33%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 35,710,000.00	\$ 35,710,000.00	
General Debt	<u>13,912,780.00</u>	<u>402,996.50</u>	<u>\$ 13,509,783.50</u>
	<u>\$ 49,622,780.00</u>	<u>\$ 36,112,996.50</u>	<u>\$ 13,509,783.50</u>

Net Debt \$13,509,783.50 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,009,139,725.00 = 0.33%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 140,319,890.38
Less: Net Debt	<u>13,509,783.50</u>
Remaining Borrowing Power	<u>\$ 126,810,106.88</u>

The Township's long-term debt consisted of the following at December 31, 2007:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2007</u>
<u>General Bonds</u>				
General Obligation Bonds	08/01/06	\$ 9,000,000.00	4.000%	<u>\$ 8,410,000.00</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

7. Bond Anticipation Notes

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

On December 31, 2007, the Township issued \$2,166,280.00 in bond anticipation notes in the General Capital Fund, and \$891,500.00 in Special Emergency Notes in the Current Fund.

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

The following Deferred Charge is shown on the December 31, 2007 Current Fund Balance Sheet and will be raised in succeeding years' budgets:

Special Emergency	<u>\$ 924,000.00</u>
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9. Bonds and Notes Authorized But Not Issued

At December 31, 2007, the Township of Lacey had authorized but not issued bonds and notes of the General Capital Fund totaling \$2,445,000.00.

10. Local District School Taxes

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

The Township has elected to defer school taxes as follows.

	<u>2007</u>	<u>2006</u>
Balance of Tax	\$ 19,303,161.00	\$ 17,651,176.00
Deferred	<u>12,783,681.00</u>	<u>11,183,681.00</u>
Tax Payable	<u>\$ 6,519,480.00</u>	<u>\$ 6,467,495.00</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

11. Fund Balance Appropriated

The Current Fund balance at December 31, 2007 was \$4,914,142.95, of which \$4,750,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2008.

12. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits its employees 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. Effective for financial statements dated December 31, 1987, the state has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end. The Township estimated the current cost of such unpaid compensation to be \$1,094,663.60 and \$1,120,802.00 at December 31, 2007 and 2006, respectively. In accordance with New Jersey principles, these amounts are not reported as expenditures or liabilities in the accompanying financial statements.

13. Post-Retirement Health Benefits

In addition to the pension and retirement plans described in Note 1, the Township provides post-retirement health benefits for employees who retire after 25 years of service. Benefits consist of full medical/dental coverage and expenditures are recognized as claims are reported. As of the date of this report, the Township has 52 former employees eligible for and participating in the Post-Retirement Health Benefits Program. The Township's approximate cost in providing post-retirement health and dental benefits is \$757,898.04 annually.

14. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2007 and 2006 totaled \$21,233.03 and \$20,117.12, respectively.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

15. Contingent Liabilities

State and Federal Grants

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2007, the Township estimates that no material liabilities will result from such audits.

Pending Litigation

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

16. Risk Management

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Township is a member of the Ocean County Municipal Joint Insurance Fund ("JIF"). The joint insurance pool is both an insured and self-administered group of 30 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program which has a contract for excess liability insurance for property. The fund also purchased an excess Faithful Performance and Employee Dishonesty Bond.

17. Deferred Compensation Program

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

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

18. 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 \$1,150.00 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 of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Council for approval, in accordance with the provisions of N.J.A.C. 5:30-14.10. The decision of the Township Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

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

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

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

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

19. Subsequent Events

On May 8, 2008, the Township adopted a general capital ordinance for the Bayside Beach Dredging Project, issuing \$275,500.00 in debt.

On May 22, 2008, the Township adopted a general capital ordinance for various capital improvements, issuing \$290,000.00 in debt.

On June 26, 2008, the Township amended a general capital ordinance for various capital improvements, with no change to the issuance of debt.

SUPPLEMENTARY SCHEDULES

CURRENT FUND
SCHEDULES

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 13,197,255.74
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 678,423.06	
Petty Cash Funds	3-A	850.00	
Collector	4-A	58,106,323.79	
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	5-A	596,023.78	
Revenue Accounts Receivable	9-A	14,282,132.21	
Due From:			
Animal Control Fund	10-A	16,319.61	
General Capital Fund	11-A	1,713,420.28	
Federal and State Grant Fund	12-A	211,254.70	
Due To Trust - Other Fund	19-A	50,566.32	
Due To State of New Jersey:			
Construction Code Fees	17-A	30,254.00	
Human Services	18-A	4,435.00	
Special Emergency Note Payable	23-A	891,500.00	
Reserve for:			
Payroll Deductions	27-A	10,435,865.16	
Garden State Preservation Trust	33-A	<u>245,349.78</u>	
			<u>87,262,717.69</u>
			100,459,973.43
Decreased By Disbursements:			
2007 Appropriations	A-3	21,721,405.65	
Petty Cash Funds	3-A	850.00	
Due From:			
General Capital Fund	11-A	1,593,852.69	
Federal and State Grant Fund	12-A	204,923.40	
Unallocated Tax Receipts	13-A	106,885.66	
2006 Appropriation Reserves	14-A	292,632.79	
Encumbrances Payable	16-A	265,012.15	
Due To State of New Jersey:			
Construction Code Fees	17-A	31,546.00	
Human Services	18-A	4,410.00	
Due To:			
Trust - Other Fund	19-A	154,200.00	
Lacey Municipal Utilities Authority	20-A	162,009.81	
Local School District Taxes Payable	24-A	37,996,976.00	
County Taxes Payable	25-A	13,125,662.95	
Reserve for:			
Revaluation of Property	26-A	331,670.00	
Payroll Deductions	27-A	10,334,833.30	
Refund Prior Year Revenues	A-1	<u>1,249.84</u>	
			<u>86,328,120.24</u>
Balance, December 31, 2007	A		<u>\$ 14,131,853.19</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

Year ended December 31, 2007

	<u>Balance December 31, 2007 and 2006</u>
Municipal Court	\$ 250.00
Police	50.00
Recreation	50.00
Collector	750.00
Board of Health	<u>200.00</u>
	<u>\$ 1,300.00</u>

Reference A

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF PETTY CASH FUNDS

Year ended December 31, 2007

	Balance December 31, 2006	<u>Disbursed</u>	<u>Returned</u>	Balance December 31, 2007
Clerk		\$ 150.00	\$ 150.00	
Public Works		200.00	200.00	
Treasurer		<u>500.00</u>	<u>500.00</u>	
	<u>\$ 0.00</u>	<u>\$ 850.00</u>	<u>\$ 850.00</u>	<u>\$ 0.00</u>
<u>Reference</u>	A	1-A	1-A	A

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF CURRENT CASH - COLLECTOR

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 0.00
Increased By Receipts:			
Non-Budget Revenues	A-2	\$ 23,736.26	
Taxes Receivable	6-A	57,259,057.79	
Tax Title Liens Receivable	7-A	694.95	
Interest and Costs on Taxes	9-A	108,377.91	
Unallocated Tax Receipts	13-A	106,885.66	
Due To Lacey Municipal Utilities Authority	20-A	162,009.81	
Prepaid Taxes	21-A	445,311.41	
Tax Overpayments	22-A	<u>250.00</u>	
			<u>58,106,323.79</u>
			58,106,323.79
Decreased By Disbursements:			
Payment To Treasurer	1-A		<u>58,106,323.79</u>
Balance, December 31, 2007	A		<u><u>\$ 0.00</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

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

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ (95.15)
Increased By:			
Billings Per Tax Duplicate:			
Senior Citizens'	6-A	\$ 168,500.00	
Veterans'	6-A	436,385.92	
Allowed By Tax Collector:			
2007 Taxes	6-A	17,000.00	
2006 Taxes	A-1,6-A	<u>749.84</u>	
			<u>622,635.76</u>
			622,540.61
Decreased By:			
Cash Receipts	1-A	596,023.78	
Disallowed for:			
2007 Taxes	6-A	12,906.16	
2006 Taxes	A-1,6-A	<u>11,165.05</u>	
			<u>620,094.99</u>
Balance, December 31, 2007	A		<u>\$ 2,445.62</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF LEVY

Year ended December 31, 2007

<u>Year</u>	<u>Balance December 31, 2006</u>	<u>2007 Levy</u>	<u>Added/ Omitted</u>	<u>2007 Prepaid Taxes</u>	<u>2007 Collections</u>	<u>Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)</u>	<u>Cancelled</u>	<u>Transferred To Tax Title Liens</u>	<u>Balance December 31, 2007</u>
2005	\$ 4,660.68				\$ 4,589.48		\$ 21.71	\$ 49.49	\$ 1,185.35
2006	501,191.08		\$ 16,547.71		525,750.60	\$ (10,415.21)	0.29	1,217.76	586,644.96
2007		\$ 57,883,943.69	513,058.24	\$ 444,170.28	56,728,717.71	608,979.76	24,985.17	3,504.05	
	<u>\$ 505,851.76</u>	<u>\$ 57,883,943.69</u>	<u>\$ 529,605.95</u>	<u>\$ 444,170.28</u>	<u>\$ 57,259,057.79</u>	<u>\$ 598,564.55</u>	<u>\$ 25,007.17</u>	<u>\$ 4,771.30</u>	<u>\$ 587,830.31</u>
<u>Reference</u>	A	6-A	6-A	21-A	4-A	5-A	6-A	7-A	A

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF LEVY

Year ended December 31, 2007

Reference

Analysis of 2007 Property Tax Levy

Tax Yield:			
General Purpose Tax			\$ 57,883,943.69
Added Taxes (54:4-63.1 et seq.)			<u>513,058.24</u>
	6-A		<u>\$ 58,397,001.93</u>

Tax Levy:

Local School District Taxes	24-A	\$ 39,648,961.00	
County Taxes	25-A	10,703,305.94	
County Library Taxes	25-A	1,268,594.97	
County Health Taxes	25-A	513,959.08	
Open Space	25-A	503,004.99	
Due County for Added and Omitted Taxes (54:4-363.1 et seq.)	25-A	<u>119,070.82</u>	
	A-2		\$ 52,756,896.80

Local Tax for Municipal Purposes	A-2	5,235,269.94	
Add: Additional Tax Levied	6-A	<u>404,835.19</u>	
Local Tax for Municipal Purposes Levied			<u>5,640,105.13</u>
	6-A		<u>\$ 58,397,001.93</u>

Analysis of Current Revenue From Taxes

		2007 Property Taxes	Delinquent Taxes
Taxes Collected	6-A	\$ 56,728,717.71	\$ 530,340.08
Senior Citizens' and Veterans' Deductions (Net)	6-A	608,979.76	
Tax Title Liens Collected	7-A		694.95
Prepaid Taxes Applied	21-A	444,170.28	
Reserve for Tax Appeals	35-A	<u>(6,000.00)</u>	
	A-1,A-2	<u>\$ 57,775,867.75</u>	<u>\$ 531,035.03</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 10,349.62
Increased By:			
Transfer From Taxes Receivable	6-A	\$ 4,771.30	
Interest and Costs - Tax Sale	7-A	<u>858.43</u>	
			<u>5,629.73</u>
			15,979.35
Decreased By:			
Collections	4-A	694.95	
Cancelled	7-A	<u>39.95</u>	
			<u>734.90</u>
Balance, December 31, 2007	A		<u>\$ 15,244.45</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 3,128,460.00
Decreased By:		
Change in Assessed Valuation	8-A	<u>4,280.00</u>
Balance, December 31, 2007	A	<u>\$ 3,124,180.00</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2007

	<u>Reference</u>	Balance December 31, 2006	Accrued 2007	Collected By Collector	Collected By Treasurer	Balance December 31, 2007
Licenses:						
Alcoholic Beverages	A-2		\$ 16,554.50		\$ 16,554.50	
Municipal Court:						
Fines and Costs	A-2	\$ 27,689.04	397,709.42		396,154.87	\$ 29,243.59
Uniform Construction Code Enforcement:						
Fees and Permits	A-2		395,681.00		395,681.00	
Interest and Costs on Taxes	A-2		108,377.91	\$ 108,377.91		
Dock Rentals	A-2		71,295.00		71,295.00	
Sale of Beach Badges	A-2		10,667.00		10,667.00	
County Recycling Rebate	A-2		54,477.32		54,477.32	
Energy Receipts Taxes	A-2		11,978,205.30		11,978,205.30	
Reserve for Energy Receipts Taxes	A-2		262,990.00		262,990.00	
Legislative Initiative Municipal Block Grant	A-2		99,382.00		99,382.00	
Municipal Property Tax Assistance	A-2		240,458.00		240,458.00	
Garden State Preservation Trust Fund	A-2		246,070.87		246,070.87	
Interest on Investments	A-2		765,935.39		765,935.39	
Reserve To Pay Notes	A-2		229,256.55		229,256.55	
Capital Fund Balance	A-2		120,000.00		120,000.00	
Pinelands Property Tax Stabilization	A-2		71,818.00		71,818.00	
		<u>\$ 27,689.04</u>	<u>\$ 15,068,878.26</u>	<u>\$ 108,377.91</u>	<u>\$ 14,958,945.80</u>	<u>\$ 29,243.59</u>
Total						
	<u>Reference</u>	A	9-A	4-A		A
Cash Receipts	1-A				\$ 14,282,132.21	
Due From:						
Animal Control Fund	10-A				1,743.61	
General Capital Fund	11-A				115,442.79	
Due To Trust - Other Fund	19-A				50,566.32	
Reserve for:						
Energy Receipts Tax	A				262,990.00	
Garden State Preservation Trust	33-A				246,070.87	
					<u>\$ 14,958,945.80</u>	

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE FROM ANIMAL CONTROL FUND

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 0.00
Increased By:			
Statutory Excess	A-2	\$ 14,576.00	
Interest Earned	9-A	<u>1,743.61</u>	
	A-1		<u>16,319.61</u>
			16,319.61
Decreased By:			
Cash Receipts	A-1,1-A		<u>16,319.61</u>
Balance, December 31, 2007	A		<u>\$ 0.00</u>

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO GENERAL CAPITAL FUND

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 0.00
Increased By:			
Premium on Notes	1-A	\$ 4,124.80	
Cash Receipts	A-1,1-A	<u>1,709,295.48</u>	
			<u>1,713,420.28</u>
			1,713,420.28
Decreased By:			
Interest Earned on Investments	9-A	115,442.79	
Cash Disbursements	1-A	<u>1,593,852.69</u>	
	A-1		<u>1,709,295.48</u>
Balance, December 31, 2007	A		<u>\$ 4,124.80</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE FROM FEDERAL AND STATE GRANT FUND

Year ended December 31, 2007

Reference

Balance, December 31, 2006	A		\$ 17,195.81
Increased By:			
Cash Expended By Current Fund:			
Reserve for:			
Federal Grants	1-A,30-A	\$ 84,820.00	
State Grants	1-A,31-A	111,283.84	
Encumbrances Payable	1-A,32-A	8,819.56	
Cash Expended By Trust Fund	19-A,31-A	950.00	
Anticipated Revenue:			
Federal Grants Receivable	28-A	50,000.00	
State Grants Receivable	29-A	155,470.45	
Grant Appropriations Cancelled	A-1,31-A	2,791.91	
	A-1		<u>414,135.76</u>
			431,331.57
Decreased By:			
Grants Receivable Cancelled	A-1,29-A	1,487.71	
Cash Received By Current Fund:			
Federal Grants Receivable	1-A,28-A	26,997.00	
State Grants Receivable	1-A,29-A	184,257.70	
Budget Appropriations	A-3,30-A	50,000.00	
Budget Appropriations	A-3,31-A	164,098.45	
	A-1		<u>426,840.86</u>
Balance, December 31, 2007	A		<u>\$ 4,490.71</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF UNALLOCATED TAX RECEIPTS

Year ended December 31, 2007

Reference

Balance, December 31, 2006	A	\$ 0.00
Increased By:		
Cash Receipts	4-A	<u>106,885.66</u>
		106,885.66
Decreased By:		
Cash Disbursements	1-A	<u>106,885.66</u>
Balance, December 31, 2007	A	<u><u>\$ 0.00</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2006 APPROPRIATION RESERVES

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	Transferred From <u>Encumbrances</u>	Balance After <u>Transfers</u>	Cash <u>Disbursed</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 660.73		\$ 660.73		\$ 660.73
Other Expenses	2,258.00		2,258.00	\$ 1,647.25	610.75
Township Committee:					
Salaries and Wages	0.12		0.12		0.12
Other Expenses	945.00		945.00		945.00
Municipal Clerk:					
Salaries and Wages	168.44		168.44		168.44
Other Expenses	494.35		494.35	344.78	149.57
Financial Administration (Treasury):					
Salaries and Wages	847.18		847.18		847.18
Other Expenses	1,355.22	\$ 465.01	1,820.23	406.52	1,413.71
Computerized Data Processing:					
Other Expenses	107.73	1,815.00	1,922.73		1,922.73
Revenue Administration (Tax Collection):					
Salaries and Wages	128.26		128.26		128.26
Other Expenses	1,221.70		1,221.70	237.79	983.91
Tax Assessment Administration:					
Salaries and Wages	559.77		559.77		559.77
Other Expenses	263.55		263.55	228.00	35.55
Tax Map Maintenance:					
Other Expenses	5,000.00	205.50	5,205.50	4,519.50	686.00
Legal Services:					
Other Expenses	433.96		1,833.96	1,772.50	61.46
Engineering Services:					
Other Expenses	12,337.44	11,946.25	24,283.69	4,916.33	19,367.36
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	750.00		750.00		750.00
Other Expenses	9,912.36	2,792.25	6,704.61	573.97	6,130.64
Board of Adjustment:					
Salaries and Wages	500.00		500.00		500.00
Other Expenses	1,483.64		5,483.64	4,990.82	492.82
Land Use:					
Salaries and Wages	187.98		187.98		187.98
Other Expenses	764.74		764.74	228.00	536.74
Affordable Housing:					
Other Expenses	91.93		691.93	666.00	25.93
Code Enforcement and Zoning:					
Salaries and Wages	319.90		319.90		319.90
Other Expenses	394.63		394.63	228.00	166.63

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2006 APPROPRIATION RESERVES

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	Transferred From <u>Encumbrances</u>	Balance After <u>Transfers</u>	Cash <u>Disbursed</u>	Balance <u>Lapsed</u>
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	38,191.93	764.66	38,956.59	226.16	38,730.43
Other Expenses	6,119.07	655.77	6,774.84	3,548.26	3,226.58
Crossing Guards:					
Salaries and Wages	85.27		85.27		85.27
Other Expenses	236.79	11.01	247.80		247.80
Office of Emergency Management:					
Salaries and Wages	0.30		0.30		0.30
Other Expenses	326.12		326.12	228.00	98.12
Search and Recovery Team:					
Other Expenses	41.40		41.40		41.40
Aid To Volunteer Ambulance Squads:					
Other Expenses	25,000.00		25,000.00	25,000.00	
Maintenance and Repair of Emergency Equipment:					
Other Expenses	3,837.96		3,837.96		3,837.96
Fire:					
Forked River Fire Company:					
Other Expenses	1.00		1.00		1.00
Lanoka Harbor Fire Company:					
Other Expenses	2,071.32		2,071.32		2,071.32
Bamber Lake Fire Company:					
Other Expenses	28.65		28.65		28.65
Municipal Prosecutor:					
Other Expenses	3,233.10		3,233.10		3,233.10
Municipal Court:					
Salaries and Wages	2,093.25		2,093.25		2,093.25
Other Expenses	491.72	384.82	876.54	384.82	491.72
Public Defender (P.L. 1997,c.256):					
Other Expenses	274.52		274.52	274.50	0.02
STREETS AND ROADS					
Streets and Road Maintenance:					
Salaries and Wages	8,079.36		8,079.36		8,079.36
Other Expenses	2,213.66	1,813.10	4,026.76	242.85	3,783.91
Solid Waste Collection:					
Salaries and Wages	4,357.79		4,357.79		4,357.79
Other Expenses	181,734.49	856.62	182,591.11	174,713.02	7,878.09
Building and Grounds:					
Salaries and Wages	678.05		678.05		678.05
Other Expenses	525.84	2,959.01	3,484.85	1,206.84	2,278.01
Maintenance and Upgrade of Facilities:					
Other Expenses	20.29		20.29		20.29
Sanitary Landfill Testing:					
Other Expenses	1,000.00		1,000.00		1,000.00
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	3,486.40	1,484.14	4,970.54	19.49	4,951.05
HEALTH AND WELFARE					
Public Health Services (Board of Health):					
Other Expenses	611.26	1,081.00	1,692.26	154.00	1,538.26
Animal Control Services:					
Other Expenses	4,072.88		4,072.88	3,572.92	499.96
Welfare/Administration of Public Assistance:					
Other Expenses	4,500.00		4,500.00		4,500.00

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2006 APPROPRIATION RESERVES

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	Transferred From <u>Encumbrances</u>	Balance After <u>Transfers</u>	Cash <u>Disbursed</u>	Balance <u>Lapsed</u>
RECREATION AND EDUCATION					
Recreation Services and Programs:					
Salaries and Wages	4,042.60		4,042.60		4,042.60
Other Expenses	556.44		556.44		556.44
Maintenance of Parks:					
Other Expenses	1,274.44		1,274.44		1,274.44
Maintenance of Docks:					
Other Expenses	297.38		297.38		297.38
UNCLASSIFIED					
Juvenile Committee:					
Other Expenses	156.00	94.00	250.00	94.00	156.00
Environmental Committee:					
Other Expenses	140.01		140.01		140.01
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	20,668.36		20,668.36	15,536.88	5,131.48
Street Lighting	8,887.73		8,887.73	1,432.07	7,455.66
Telephone	12,077.49		12,077.49	4,227.21	7,850.28
Water	2,363.42	20.26	2,383.68	2,109.75	273.93
Gas (Natural or Propane)	7,287.24		7,287.24	6,883.10	404.14
Fuel Oil	139.99		139.99		139.99
Telecommunications Costs	1,272.84		1,272.84		1,272.84
Sewer	2,283.68	41.97	2,325.65	1,729.87	595.78
Gasoline		1,126.95	1,126.95		1,126.95
Landfill/Solid Waste Disposal Costs	58,583.36		58,583.36	30,289.59	28,293.77
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Salaries and Wages	1,032.20		1,032.20		1,032.20
Other Expenses	146.52	1,200.00	1,346.52		1,346.52
Contingent	500.00		500.00		500.00
STATUTORY EXPENDITURES					
Contributions To:					
Social Security System (O.A.S.I.)	14,118.38		14,118.38		14,118.38
Insurance (N.J.S.A. 40A:4-45.3(00)):					
General Liability	12.63		12.63		12.63
Workers Compensation	104.54		104.54		104.54
Employee Group Health	582.93		582.93		582.93
Capital Improvements:					
Land Purchases	5,000.00		5,000.00		5,000.00
Total General Appropriations	<u>\$ 476,027.23</u>	<u>\$ 29,717.32</u>	<u>\$ 505,744.55</u>	<u>\$ 292,632.79</u>	<u>\$ 213,111.76</u>
<u>Reference</u>	A	16-A	14-A	1-A	A-1

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 46,518.00
Increased By:		
Transferred From Encumbrances Payable	16-A	<u>16,800.00</u>
Balance, December 31, 2007	A	<u>\$ 63,318.00</u>

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 311,529.47
Increased By:			
Transferred From 2007 Budget Appropriations	A-3		<u>640,398.97</u>
			951,928.44
Decreased By:			
Cash Disbursements	1-A	\$ 265,012.15	
Transferred To:			
2006 Appropriation Reserves	14-A	29,717.32	
Accounts Payable	15-A	<u>16,800.00</u>	
			<u>311,529.47</u>
Balance, December 31, 2007	A		<u>\$ 640,398.97</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY - CONSTRUCTION CODE FEES

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 4,422.00
Increased By:		
Cash Receipts	1-A	<u>30,254.00</u>
		34,676.00
Decreased By:		
Cash Disbursements	1-A	<u>31,546.00</u>
Balance, December 31, 2007	A	<u>\$ 3,130.00</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY - HUMAN SERVICES

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 650.00
Increased By:		
Cash Receipts:		
Marriage License Fees	1-A	<u>4,435.00</u>
		5,085.00
Decreased By:		
Cash Disbursements	1-A	<u>4,410.00</u>
Balance, December 31, 2007	A	<u>\$ 675.00</u>

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO TRUST - OTHER FUND

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 154,200.00
Increased By:			
Cash Receipts	1-A	\$ 50,566.32	
Tourism Grant Disbursed in Trust Fund	12-A	<u>950.00</u>	
			<u>51,516.32</u>
			205,716.32
Decreased By:			
Cash Disbursements	1-A	154,200.00	
Interest Earned - Trust Fund	9-A	<u>50,566.32</u>	
			<u>204,766.32</u>
Balance, December 31, 2007	A		<u>\$ 950.00</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO LACEY MUNICIPAL UTILITIES AUTHORITY

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 0.00
Increased By:		
Cash Receipts	4-A	<u>162,009.81</u>
		162,009.81
Decreased By:		
Cash Disbursements	1-A	<u>162,009.81</u>
Balance, December 31, 2007	A	<u><u>\$ 0.00</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 444,170.28
Increased By:		
Collection of 2007 Taxes	4-A	<u>445,311.41</u>
		889,481.69
Decreased By:		
Applied To Taxes Receivable	6-A	<u>444,170.28</u>
Balance, December 31, 2007	A	<u>\$ 445,311.41</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 0.00
Increased By:		
Cash Receipts	4-A	<u>250.00</u>
Balance, December 31, 2007	A	<u>\$ 250.00</u>

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF SPECIAL EMERGENCY NOTE PAYABLE

Year ended December 31, 2007

<u>Ordinance Number</u>	<u>Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Increase</u>	<u>Balance December 31, 2007</u>
07-01	Revaluation of Real Property	08/07/07	07/24/08	3.82%	<u>\$ 0.00</u>	<u>\$ 891,500.00</u>	<u>\$ 891,500.00</u>
				<u>Reference</u>	A	1-A	A

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

Year ended December 31, 2007

Reference

Balance, December 31, 2006:			
School Tax Deferred	24-A	\$ 11,183,681.00	
School Tax Payable	A	<u>6,467,495.00</u>	
			\$ 17,651,176.00
Increased By:			
Levy - School Year			
July 1, 2007 - June 30, 2008			
Local School District Tax	6-A		<u>39,648,961.00</u>
			57,300,137.00
Decreased By:			
Cash Disbursements	1-A		<u>37,996,976.00</u>
Balance, December 31, 2007:			
School Tax Deferred	24-A	12,783,681.00	
School Tax Payable	A	<u>6,519,480.00</u>	
			<u>\$ 19,303,161.00</u>
 <u>2007 Liability for Local School District Taxes</u>			
Tax Payable, December 31, 2007	A	\$ 6,519,480.00	
Tax Paid	24-A	<u>37,996,976.00</u>	
			\$ 44,516,456.00
Less:			
Tax Payable, December 31, 2006	24-A		<u>6,467,495.00</u>
Amount Charged To Operations	A-1		<u>\$ 38,048,961.00</u>

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 136,797.97
Increased By:			
2007 Tax Levy:			
General County	A-1,6-A	\$ 10,703,305.94	
County Library	A-1,6-A	1,268,594.97	
County Health	A-1,6-A	513,959.08	
Open Space	A-1,6-A	503,004.99	
Added and Omitted - 2007	A-1,6-A	<u>119,070.82</u>	
			<u>13,107,935.80</u>
			13,244,733.77
Decreased By:			
Cash Disbursements	1-A		<u>13,125,662.95</u>
Balance, December 31, 2007	A		<u>\$ 119,070.82</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR REVALUATION OF PROPERTY

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 0.00
Increased By:		
Transferred From Current Fund Budget	A-3	<u>900,000.00</u>
		900,000.00
Decreased By:		
Cash Disbursements	1-A	<u>331,670.00</u>
Balance, December 31, 2007	A	<u><u>\$ 568,330.00</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS

Year ended December 31, 2007

Reference

Balance, December 31, 2006	A	\$ 8,852.13
Increased By:		
Cash Receipts	1-A	<u>10,435,865.16</u>
		10,444,717.29
Decreased By:		
Cash Disbursements	1-A	<u>10,334,833.30</u>
Balance, December 31, 2007	A	<u>\$ 109,883.99</u>

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND

SCHEDULE OF FEDERAL GRANTS RECEIVABLE

Year ended December 31, 2007

<u>Federal Grantor/Program Title</u>	<u>Grantor Number</u>	Balance December 31, <u>2006</u>	<u>2007 Award</u>	<u>Received</u>	Balance December 31, <u>2007</u>
B. J. A. Bulletproof Vest Grant		\$ 6,209.70		\$ 1,947.00	\$ 4,262.70
Community Development Block Grant	CT706-04	60,000.00		25,050.00	34,950.00
Community Development Block Grant	CT738-05	<u> </u>	<u>\$ 50,000.00</u>	<u> </u>	<u>50,000.00</u>
		<u>\$ 66,209.70</u>	<u>\$ 50,000.00</u>	<u>\$ 26,997.00</u>	<u>\$ 89,212.70</u>
	<u>Reference</u>	A	A-2,12-A	12-A	A

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND

SCHEDULE OF STATE GRANTS RECEIVABLE

Year ended December 31, 2007

<u>Program</u>	Balance December 31, 2006	2007 <u>Awards</u>	Cash <u>Received</u>	<u>Cancelled</u>	Balance December 31, 2007
Municipal Alliance Program - 2006	\$ 3,304.52		\$ 3,304.52		
Municipal Alliance Program - 2007		\$ 25,814.00	23,034.44		\$ 2,779.56
N.J. Buffer Zone Protection Program	50,000.00		49,999.65	\$ 0.35	
N.J.S.P. Office Emergency Management 966 Fund		20,250.00			20,250.00
Alcohol Education and Rehabilitation Fund		5,130.62	5,130.62		
Drunk Driving Enforcement Fund		23,973.14	23,973.14		
Clean Communities Program		42,000.88	42,000.88		
Ocean County Recycling Mini Grant		15,000.00	15,000.00		
N.J. D.E.P. Recycling Tonnage Grant		14,751.81	14,751.81		
Div. Highway Traffic Safety - Click It or Ticket		4,000.00	2,512.64	1,487.36	
Ocean County Gang Initiative Program		3,600.00	3,600.00		
Ocean County Tourism Advisory Council		950.00	950.00		
	<u>\$ 53,304.52</u>	<u>\$ 155,470.45</u>	<u>\$ 184,257.70</u>	<u>\$ 1,487.71</u>	<u>\$ 23,029.56</u>
<u>Reference</u>	A	A-2,12-A	12-A	A-1,12-A	A

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND

SCHEDULE OF RESERVE FOR FEDERAL GRANTS

Year ended December 31, 2007

<u>Program</u>	Balance December 31, 2006	Transferred From 2007 Budget <u>Appropriations</u>	Cash <u>Expended</u>	<u>Encumbered</u>	Balance December 31, 2007
B. J. A. Bulletproof Vest Grant	\$ 4,246.92				\$ 4,246.92
Community Development Block Grant	60,000.00		\$ 50,375.00	\$ 7,000.00	2,625.00
Community Development Block Grant		\$ 50,000.00	34,445.00	9,850.00	5,705.00
	<u>\$ 64,246.92</u>	<u>\$ 50,000.00</u>	<u>\$ 84,820.00</u>	<u>\$ 16,850.00</u>	<u>\$ 12,576.92</u>
<u>Reference</u>	A	A-3,12-A	12-A	32-A	A

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED

Year ended December 31, 2007

<u>Program</u>	<u>Balance December 31, 2006</u>	<u>Transferred From 2007 Budget Appropriations</u>	<u>Cash Expended</u>	<u>Cancelled</u>	<u>Encumbered/ (Cancelled)</u>	<u>Balance December 31, 2007</u>
Alcohol Education Rehabilitation Fund:						
Municipal Court:						
Salaries and Wages	\$ 1,191.21	\$ 5,130.62	\$ 3,018.81			\$ 3,303.02
Drunk Driving Enforcement Fund:						
Police:						
Other Expenses - 2006	4,910.12		4,880.45		\$ 29.67	
Other Expenses - 2007		23,973.14	8,013.52		334.73	15,624.89
Clean Communities Program:						
Other Expenses - 2005	24.82			\$ 24.82		
Other Expenses - 2006	626.40		446.90	179.50		
Other Expenses - 2007		42,000.88	38,617.34		3,025.02	358.52
Body Armor Replacement Fund:						
Other Expenses - 2003	297.69					297.69
Other Expenses - 2004	1,853.00					1,853.00
Other Expenses - 2005	7,585.67					7,585.67
Other Expenses - 2006	4,127.61					4,127.61
Recycling Tonnage Grant:						
Other Expenses - 2004	15.02			15.02		
Other Expenses - 2005	64.39			64.39		
Other Expenses - 2006	236.24		236.24			
Other Expenses - 2007		14,751.81	11,870.50		2,731.01	150.30
Municipal Alliance Program - 2005:						
Other Expenses:						
State Share	130.49			130.49		
Local Share	32.63			32.63		

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED

Year ended December 31, 2007

<u>Program</u>	<u>Balance December 31, 2006</u>	<u>Transferred From 2007 Budget Appropriations</u>	<u>Cash Expended</u>	<u>Cancelled</u>	<u>Encumbered/ (Cancelled)</u>	<u>Balance December 31, 2007</u>
Municipal Alliance Program - 2007:						
Other Expenses:						
State Share		25,814.00	25,813.47			0.53
Local Share		8,628.00	6,706.58		1,862.29	59.13
Ocean County Recycling Mini Grant:						
Other Expenses - 2002	4,893.87		4,196.00	697.87		
Other Expenses - 2005	98.24			98.24		
Other Expenses - 2007		15,000.00			15,000.00	
Div. Highway Traffic Safety - Click It or Ticket		4,000.00	2,512.64	1,487.36		
N.J. D.E.P. Stormwater Regulation Program - 2004	27.26			27.26		
N.J. State Police - SLAHEOP	1,405.72		1,371.39	34.33		
Ocean Cty. Juvenile Services - Gang Initiative		3,600.00	3,600.00			
Ocean Cty. Tourism Advisory Council		950.00	950.00			
NJDLPS FY'08 966 Reimbursement Program		20,250.00				20,250.00
Special Legislative Grant 2001 - Dredging					(1,731.55)	1,731.55
	<u>\$ 27,520.38</u>	<u>\$ 164,098.45</u>	<u>\$ 112,233.84</u>	<u>\$ 2,791.91</u>	<u>\$ 21,251.17</u>	<u>\$ 55,341.91</u>
<u>Reference</u>	A	A-3,12-A	12-A	12-A	32-A	A

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES - FEDERAL AND STATE GRANTS

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 10,551.11
Increased By:			
Transferred From Reserve for Federal Grants - Appropriated	30-A	\$ 16,850.00	
Transferred From Reserve for State Grants - Appropriated	31-A	<u>22,982.72</u>	<u>39,832.72</u>
			50,383.83
Decreased By:			
Cash Disbursed in Current Fund	12-A	8,819.56	
Transferred To Reserve for State Grants - Appropriated	31-A	<u>1,731.55</u>	<u>10,551.11</u>
Balance, December 31, 2007	A		<u>\$ 39,832.72</u>
		Federal	\$ 16,850.00
		State	<u>22,982.72</u>
			<u>\$ 39,832.72</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR GARDEN STATE PRESERVATION TRUST

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 246,070.87
Increased By:		
Cash Receipts	1-A	<u>245,349.78</u>
		491,420.65
Decreased By:		
Anticipated Revenue	9-A	<u>246,070.87</u>
Balance, December 31, 2007	A	<u><u>\$ 245,349.78</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR FORECLOSURES

Year ended December 31, 2007

Reference

Balance, December 31, 2007 and 2006

A

\$ 3,230.41

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 28,236.24
Increased By:		
Reserved From Cash Collections	6-A	<u>6,000.00</u>
Balance, December 31, 2007	A	<u>\$ 34,236.24</u>

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

Year ended December 31, 2007

<u>Program</u>	Balance December 31, <u>2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2007</u>
Emergency Authorization	\$ 60,000.00		\$ 60,000.00	
Special Emergency - Tax Map	30,000.00		6,000.00	\$ 24,000.00
Special Emergency - Revaluation		\$ 900,000.00		900,000.00
	<u>\$ 90,000.00</u>	<u>\$ 900,000.00</u>	<u>\$ 66,000.00</u>	<u>\$ 924,000.00</u>
<u>Reference</u>	A	A-1,A-3	A-3	A

TRUST FUND
SCHEDULES

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND

SCHEDULE OF TRUST CASH - TREASURER

Year ended December 31, 2007

	<u>Reference</u>	<u>Animal Control Fund</u>	<u>Trust - Other Fund</u>
Balance, December 31, 2006	B	\$ 27,086.20	\$ 1,784,591.94
Increased By:			
Due From Current Fund	2-B,4-B	\$ 16,319.61	\$ 204,766.32
Due To State of New Jersey	5-B	6,089.40	
Various Reserves	6-B		1,031,096.07
Reserve for:			
Animal Control Fund Expenditures	3-B	38,206.00	
Unemployment Compensation Insurance	7-B		15,000.00
Developers' Escrow Fund	8-B		1,093,321.51
		<u>60,615.01</u>	<u>2,344,183.90</u>
		87,701.21	4,128,775.84
Decreased By:			
Due From Current Fund	2-B,4-B	16,319.61	51,516.32
Due To State of New Jersey	5-B	6,077.40	
Various Reserves	6-B		1,000,077.11
Reserve for:			
Animal Control Fund Expenditures	3-B	38,675.38	
Unemployment Compensation Insurance	7-B		13,884.09
Developers' Escrow Fund	8-B		454,010.79
Encumbrances	9-B		304,195.44
		<u>61,072.39</u>	<u>1,823,683.75</u>
Balance, December 31, 2007	B	<u>\$ 26,628.82</u>	<u>\$ 2,305,092.09</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF DUE FROM CURRENT FUND

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	B	\$ 154,200.00
Increased By:		
Cash Disbursed	1-B	<u>51,516.32</u>
		205,716.32
Decreased By:		
Cash Receipts	1-B	<u>204,766.32</u>
Balance, December 31, 2007	B	<u><u>\$ 950.00</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 27,064.00
Increased By:			
2007 Dog License Fees Collected		\$ 36,925.60	
Late Fees		1,280.00	
Bank Error		<u>0.40</u>	
	1-B		<u>38,206.00</u>
			65,270.00
Decreased By:			
Disbursements	1-B	24,099.38	
Due To Current Fund	1-B,4-B	<u>14,576.00</u>	
			<u>38,675.38</u>
Balance, December 31, 2007	B		<u>\$ 26,594.62</u>

License Fees Collected

2005	\$ 13,355.20
2006	<u>13,239.60</u>
	<u>\$ 26,594.80</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

ANIMAL CONTROL FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 0.00
Increased By:			
Interest Earned	1-B	\$ 1,743.61	
Statutory Excess	1-B,3-B	<u>14,576.00</u>	
			<u>16,319.61</u>
			16,319.61
Decreased By:			
Cash Disbursements	1-B		<u>16,319.61</u>
Balance, December 31, 2007	B		<u><u>\$ 0.00</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

ANIMAL CONTROL FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 22.20
Increased By:			
Collected in 2007:			
State License Fees		\$ 3,442.00	
Pilot Clinic Fund Fees		688.40	
Animal Population Control Fees		<u>1,959.00</u>	
	1-B		<u>6,089.40</u>
			6,111.60
Decreased By:			
License Fees Paid To State of New Jersey	1-B		<u>6,077.40</u>
Balance, December 31, 2007	B		<u>\$ 34.20</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF VARIOUS RESERVES

Year ended December 31, 2007

	Balance December 31, 2006	<u>Increases</u>	<u>Decreases</u>	Balance December 31, 2007
Reserve for:				
Police Outside Employment	\$ 44,083.41	\$ 203,434.48	\$ 209,065.32	\$ 38,452.57
Parking Offenses Adjudication Act	55.00	34.00		89.00
Recreation Programs	12,633.99	70,186.00	70,126.28	12,693.71
Vacation of Drainage Easements	4,213.82		4,213.82	
Law Enforcement Forfeiture	33,182.33	2,608.95	9,172.55	26,618.73
Municipal Alliance Program	2,320.73	13,709.76	11,467.61	4,562.88
Death Registration	15,475.00	29,492.00	44,477.00	490.00
Snow Removal	157,811.54	14,000.00	12,884.23	158,927.31
Public Defender Application Fee	1,480.00	14,297.00	13,456.50	2,320.50
Third Party Liens	55,844.04	430,083.88	410,775.32	75,152.60
Tax Sale Premiums	154,200.00	253,250.00	211,950.00	195,500.00
Street Vacations	3,240.00		3,240.00	
	<u>\$ 484,539.86</u>	<u>\$ 1,031,096.07</u>	<u>\$ 1,000,828.63</u>	<u>\$ 514,807.30</u>
	<u>Reference</u>	B	1-B	B
Cash	1-B		\$ 1,000,077.11	
Reserve for Encumbrances	9-B		<u>751.52</u>	
			<u>\$ 1,000,828.63</u>	

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	B	\$ 20,117.12
Increased By:		
Budget Appropriation	1-B	<u>15,000.00</u>
		35,117.12
Decreased By:		
Cash Disbursements	1-B	<u>13,884.09</u>
Balance, December 31, 2007	B	<u><u>\$ 21,233.03</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF RESERVE FOR DEVELOPERS' ESCROW FUND

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2007</u>
Reserve for:				
Land Development Fees	\$ 64,005.90	\$ 153,288.93	\$ 173,418.04	\$ 43,876.79
Cash Performance Bonds	359,268.35	31,847.69	102,628.50	288,487.54
Interest Due To Developers	5,777.00	7,529.77	3,577.30	9,729.47
Affordable Housing Development Fees	285,552.05	371,623.16	44,587.50	612,587.71
Unimproved Street Inspection Fees	13,004.25	2,793.00	3,758.50	12,038.75
Inspection Fees	367,980.57	398,407.96	321,901.85	444,486.68
Complete Developer Improvements	15,604.90		15,604.90	
CO Inspections	4,526.50	3,981.00	2,966.00	5,541.50
Tax Map Revisions	14,100.00		14,100.00	
Street Lights	120.00			120.00
Veterans Way Improvements		100,000.00	100,000.00	
Traffic Light, Haines & Lake Barnegat Drive		23,850.00		23,850.00
	<u>\$ 1,129,939.52</u>	<u>\$ 1,093,321.51</u>	<u>\$ 782,542.59</u>	<u>\$ 1,440,718.44</u>
	<u>Reference</u>	B	1-B	B
Cash	1-B		\$ 454,010.79	
Reserve for Encumbrances	9-B		<u>328,531.80</u>	
			<u>\$ 782,542.59</u>	

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 304,195.44
Increased By:			
Charged To Various Reserves	6-B	\$ 751.52	
Charged To Developers' Escrow	8-B	<u>328,531.80</u>	
			<u>329,283.32</u>
			633,478.76
Decreased By:			
Cash Disbursements	1-B		<u>304,195.44</u>
Balance, December 31, 2007	B		<u><u>\$ 329,283.32</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF INVESTMENTS

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 262,164.02
Increased By:			
Township Contributions	11-B	\$ 138,000.00	
Interest on Investments	11-B	<u>17,648.34</u>	
			<u>155,648.34</u>
			417,812.36
Decreased By:			
Accounting Charges	11-B	5,397.50	
Withdrawals	11-B	<u>22,468.51</u>	
			<u>27,866.01</u>
Balance, December 31, 2007	B		<u>\$ 389,946.35</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF MISCELLANEOUS RESERVES

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 262,164.02
Increased By:			
Budget Appropriations	10-B	\$ 138,000.00	
Interest on Investments	10-B	<u>17,648.34</u>	
			<u>155,648.34</u>
			417,812.36
Decreased By:			
Accounting Charges	10-B	5,397.50	
Withdrawals	10-B	<u>22,468.51</u>	
			<u>27,866.01</u>
Balance, December 31, 2007	B		<u>\$ 389,946.35</u>

GENERAL CAPITAL FUND
SCHEDULES

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	C		\$ 2,611,720.43
Increased By Receipts:			
Bond Anticipation Notes	6-C	\$ 2,166,280.00	
Budget Appropriations:			
Capital Improvement Fund	9-C	125,000.00	
Reserve To Pay Bonds and Notes	10-C	120,000.00	
Interest Earned on Investments	11-C	<u>115,442.79</u>	
			<u>2,526,722.79</u>
			5,138,443.22
Decreased By Disbursements:			
Fund Balance Anticipated as Revenue	C-1	120,000.00	
Reserve To Pay Bond Anticipation Notes	10-C	229,256.55	
Due To Current Fund	11-C	<u>1,709,295.48</u>	
			<u>2,058,552.03</u>
Balance, December 31, 2007	C		<u>\$ 3,079,891.19</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH

Year ended December 31, 2007

		Balance December 31, <u>2007</u>
Capital Improvement Fund		\$ 160,834.25
Fund Balance		80,069.29
Encumbrances Payable		1,348,122.53
Reserve To Pay Bonds and Notes		402,996.50
Due From Current Fund		(4,124.80)
<u>Ordinance Number</u>	<u>Improvement Description</u>	
04-34/04-47	Various Improvements	128,845.78
05-29	Improvements of Various Roads	11,827.50
05-30	Purchase and Installation of Various Equipment	65,384.00
05-55	Acquisition of Emergency Services Equipment	515.80
06-15	Improvements of Various Roads	2,920.50
06-16	Dredging of Various Lagoons	1.00
06-17/06-41	Improvements To Briggs Avenue	7,092.65
06-18	Improvements To Spruce and Birch Lanes	4,092.00
06-19	Purchase Equipment and Vehicles, Building Improvements	89,238.36
06-33	Purchase and Installation of Various Equipment	81,125.30
06-55	Design and Construction of Connector Road	303,475.49
07-09	Sidewalk and Curbing on Lacey Road	10,000.00
07-14	Public Works Vehicle and Equipment	4,922.03
07-15	EMS Equipment and Court Security Upgrades	12,652.49
07-20	Telephone System Upgrade	8,492.13
07-28	Road and Drainage Improvements and Dredging	361,408.39
		<u>\$ 3,079,891.19</u>

Reference

C

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2007

Reference

Balance, December 31, 2006	C	\$ 9,000,000.00
Decreased By:		
Serial Bonds Paid	5-C	<u>590,000.00</u>
Balance, December 31, 2007	C	<u>\$ 8,410,000.00</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Year ended December 31, 2007

Ordinance Number	Improvement Description	Balance December 31, 2006	New Authorizations	Balance, December 31, 2007	Analysis of Balance December 31, 2007	
					Bond Anticipation Notes	Unexpended Improvement Authorization
	General Improvements:					
06-55	Design and Construction of Connector Road	\$ 2,850,000.00		\$ 2,850,000.00	\$ 600,000.00	\$ 2,250,000.00
07-14	Public Works Vehicle and Equipment		\$ 119,000.00	119,000.00	109,000.00	10,000.00
07-15	EMS Equipment and Court Security Upgrades		49,500.00	49,500.00	49,500.00	
07-20	Telephone System Upgrade		104,000.00	104,000.00	104,000.00	
07-28	Road and Drainage Improvements and Dredging		1,303,780.00	1,303,780.00	1,303,780.00	
	Local Improvements:					
07-09	Sidewalk and Curbing on Lacey Road		185,000.00	185,000.00		185,000.00
		<u>\$ 2,850,000.00</u>	<u>\$ 1,761,280.00</u>	<u>\$ 4,611,280.00</u>	<u>\$ 2,166,280.00</u>	<u>\$ 2,445,000.00</u>
		<u>Reference</u>	C	8-C,12-C	C	6-C
	Improvement Authorizations Unfunded	8-C				\$ 3,135,950.53
	Less:					
	Unexpended Proceeds of Bond				<u>Ordinance Number</u>	
	Anticipation Notes Issued:					
		2-C		06-55	\$ 303,475.49	
		2-C		07-14	4,922.03	
		2-C		07-15	12,652.49	
		2-C		07-20	8,492.13	
		2-C		07-28	361,408.39	
						<u>690,950.53</u>
						<u>\$ 2,445,000.00</u>

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Year ended December 31, 2007

<u>Purpose</u>	<u>Original Issue</u>		<u>Maturities of Bonds Outstanding December 31, 2007</u>		<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Decreased</u>	<u>Balance December 31, 2007</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
General Obligation Bonds, Series 2006	08/01/06	\$ 9,000,000.00	08/01/08	\$ 615,000.00	4.00%	<u>\$ 9,000,000.00</u>	<u>\$ 590,000.00</u>	<u>\$ 8,410,000.00</u>
			08/01/09	645,000.00	4.00%			
			08/01/10	675,000.00	4.00%			
			08/01/11	695,000.00	4.00%			
			08/01/12	725,000.00	4.00%			
			08/01/13	755,000.00	4.00%			
			08/01/14	790,000.00	4.00%			
			08/01/15	825,000.00	4.00%			
			08/01/16	855,000.00	4.00%			
			08/01/17	895,000.00	4.00%			
			08/01/18	935,000.00	4.00%			
					<u>Reference</u>	C	3-C	C

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Year ended December 31, 2007

Ordinance Number		Original Issue Date	Date of Issue	Date of Maturity	Interest Rate	Balance		Balance
						December 31, 2006	Increased	December 31, 2007
06-55	Design and Construction of Connector Road	07/24/07	07/24/07	07/24/08	3.760%		\$ 600,000.00	\$ 600,000.00
07-14	Public Works Vehicle and Equipment	07/24/07	07/24/07	07/24/08	3.760%		109,000.00	109,000.00
07-15	EMS Equipment and Court Security Upgrades	07/24/07	07/24/07	07/24/08	3.760%		49,500.00	49,500.00
07-20	Telephone System Upgrade	10/16/07	10/16/07	07/24/08	4.125%		104,000.00	104,000.00
07-28	Road and Drainage Improvements and Dredging	10/16/07	10/16/07	07/24/08	4.125%		1,303,780.00	1,303,780.00
						<u>\$ 0.00</u>	<u>\$ 2,166,280.00</u>	<u>\$ 2,166,280.00</u>
					<u>Reference</u>	C	1-C,12-C	C

TOWNSHIP OF LACEY
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	C		\$ 1,105,055.60
Increased By:			
Charged To Improvement Authorizations	8-C		<u>1,143,392.23</u>
			2,248,447.83
Decreased By:			
Transferred To Improvement Authorizations	8-C	\$ 46,829.71	
Cash Disbursements in Current Fund	11-C	<u>853,495.59</u>	
			<u>900,325.30</u>
Balance, December 31, 2007	C		<u>\$ 1,348,122.53</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2007

Ordinance Number	Improvement Description	Balance December 31, 2006		Improvement Authorizations	Transferred From Encumbrances		Encumbrances	Authorizations Cancelled	Balance December 31, 2007	
		Funded	Unfunded		Payable	Paid			Funded	Unfunded
	General Improvements:									
04-06	Preliminary Expenses for Various Projects	\$ 26,218.00			\$ 24,291.54			\$ 50,509.54		
04-47/04-34	Various Improvements	195,760.85				\$ 51,261.22		15,653.85	\$ 128,845.78	
04-40	Purchase Communication Equipment	6,790.05						6,790.05		
05-29	Improvements of Various Roads	31,726.55			19,065.29			38,964.34	11,827.50	
05-30	Purchase and Installation of Various Equipment	97,953.38				18,514.36		14,055.02	65,384.00	
05-92/05-40	Construction of Vehicle To Wash Down Garage	4.33			3,001.04			3,005.37		
05-55	Acquisition of Emergency Services Equipment	33,316.45				24,484.20		8,316.45	515.80	
06-14	Various Park Improvements	14,908.22				7,756.48		7,151.74		
06-15	Improvements of Various Roads	157,508.24				67,037.60		87,550.14	2,920.50	
06-16	Dredging of Various Lagoons	1.00							1.00	
06-17/06-41	Improvements To Briggs Avenue	7,542.65				450.00			7,092.65	
06-18	Improvements To Spruce and Birch Lanes	4,438.00				346.00			4,092.00	
06-19	Purchase Equipment and Vehicles, Building Improvements	88,766.52			471.84				89,238.36	
06-33	Purchase and Installation of Various Equipment	99,975.30				18,850.00			81,125.30	
06-55	Design and Construction of Connector Road	150,000.00	\$ 2,850,000.00			1,524.51	\$ 445,000.00			\$ 2,553,475.49
07-12	Deerhead Lake Dam and Roadway Engineering			\$ 40,000.00		40,000.00				
07-14	Public Works Vehicle and Equipment			125,000.00		110,077.97				14,922.03
07-15	EMS Equipment and Court Security Upgrades			52,000.00		39,347.51				12,652.49
07-20	Telephone System Upgrade			110,000.00		6,553.97	94,953.90			8,492.13
07-28	Road and Drainage Improvements and Dredging			1,370,000.00		354,153.28	603,438.33	51,000.00		361,408.39
	Local Improvements:									
07-09	Sidewalk and Curbing on Lacey Road			195,000.00					10,000.00	185,000.00
		<u>\$ 914,909.54</u>	<u>\$ 2,850,000.00</u>	<u>\$ 1,892,000.00</u>	<u>\$ 46,829.71</u>	<u>\$ 740,357.10</u>	<u>\$ 1,143,392.23</u>	<u>\$ 282,996.50</u>	<u>\$ 401,042.89</u>	<u>\$ 3,135,950.53</u>
	Reference	C	C		7-C	11-C	7-C	10-C	C	C,4-C
	Fund Balance			C-1	\$ 40,000.00					
	Deferred Charges To Future Taxation - Unfunded			4-C	1,761,280.00					
	Capital Improvement Fund			9-C	90,720.00					
					<u>\$ 1,892,000.00</u>					

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	C	\$ 126,554.25
Increased By:		
Cash Receipts - D.O.T. Reimbursement		\$ 75,000.00
Cash Receipts - C.D.B.G. Reimbursement		<u>50,000.00</u>
	1-C	<u>125,000.00</u>
		251,554.25
Decreased By:		
Appropriated To Finance Improvement Authorizations	8-C	<u>90,720.00</u>
Balance, December 31, 2007	C	<u>\$ 160,834.25</u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE TO PAY BONDS AND BOND ANTICIPATION NOTES

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	C		\$ 229,256.55
Increased By:			
State D.O.T. Reimbursement	1-C	\$ 120,000.00	
Authorizations Cancelled	8-C	<u>282,996.50</u>	
			<u>402,996.50</u>
			632,253.05
Decreased By:			
Anticipated Revenue	1-C		<u>229,256.55</u>
Balance, December 31, 2007	C		<u><u>\$ 402,996.50</u></u>

Analysis of Balance:

<u>Ord. #</u>	<u>Balance</u>
07-28	\$ 171,000.00
06-15	87,550.14
06-14	7,151.74
05-55	8,316.45
05-40	3,005.37
05-30	14,055.02
05-29	38,964.34
04-40	6,790.05
04-34	15,653.85
04-06	<u>50,509.54</u>
	<u><u>\$ 402,996.50</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM CURRENT FUND

Year ended December 31, 2007

Reference

Balance, December 31, 2006	C		\$	0.00
Increased By:				
Premium on Notes	C-1	\$	4,124.80	
Cash Disbursements	1-C		<u>1,709,295.48</u>	
				<u>1,713,420.28</u>
				1,713,420.28
Decreased By:				
Interest Earned on Investments	1-C		115,442.79	
Cash Disbursements in Current Fund:				
Encumbrances Payable	7-C		853,495.59	
Improvement Authorizations	8-C		<u>740,357.10</u>	
				<u>1,709,295.48</u>
Balance, December 31, 2007	C		\$	<u><u>4,124.80</u></u>

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2007

<u>Ordinance Number</u>		<u>Balance December 31, 2006</u>	<u>New Authorizations</u>	<u>Notes Issued</u>	<u>Balance December 31, 2007</u>
	General Improvements:				
06-55	Design and Construction of Connector Road	\$ 2,850,000.00		\$ 600,000.00	\$ 2,250,000.00
07-14	Public Works Vehicle and Equipment		\$ 119,000.00	109,000.00	10,000.00
07-15	EMS Equipment and Court Security Upgrades		49,500.00	49,500.00	
07-20	Telephone System Upgrade		104,000.00	104,000.00	
07-28	Road and Drainage Improvements and Dredging		1,303,780.00	1,303,780.00	
	Local Improvements:				
07-09	Sidewalk and Curbing on Lacey Road		185,000.00		185,000.00
		<u>\$ 2,850,000.00</u>	<u>\$ 1,761,280.00</u>	<u>\$ 2,166,280.00</u>	<u>\$ 2,445,000.00</u>
	<u>Reference</u>	12-C	4-C	6-C	12-C

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF INVESTMENT IN FIXED ASSETS

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2007</u>
Land	\$ 12,252,800.00	\$ 183,400.00	\$ 179,600.00	\$ 12,256,600.00
Buildings	3,011,800.00			3,011,800.00
Machinery and Equipment	<u>13,084,609.91</u>	<u>222,760.66</u>	<u> </u>	<u>13,307,370.57</u>
	<u>\$ 28,349,209.91</u>	<u>\$ 406,160.66</u>	<u>\$ 179,600.00</u>	<u>\$ 28,575,770.57</u>
<u>Reference</u>	D	1-D	1-D	D

COMMENTS SECTION

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

COMMENTS

Year ended December 31, 2007

An audit of the financial accounts and transactions of the Township of Lacey, County of Ocean, New Jersey ("Township") for the year ended December 31, 2007, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Treasurer's Office, the activities of the Mayor and Township Committee and the records of the various outside departments.

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

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

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

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

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

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

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold (40A:11-3), shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder".

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

COMMENTS

Year ended December 31, 2007

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

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

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

- Furnishing Sand, Gravel, Stone and Topsoil
- Bulk Bituminous Material
- Terex Excavator
- 2007 Ford F-550 Rack Body Truck
- Curbside Recycling Collection
- Installation of Concrete Curbing at Veteran's Way
- 2007 General Paving
- Rental of John Deere Loaders

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

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

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body adopted a 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. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date, subject to any abatement or discount for the late payment of taxes as provided by law; and, if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31 of the tax year, an additional penalty of 6% shall be charged against the delinquency.

2. There will be a ten (10) day grace period for quarterly tax payments made by cash, check or money order.

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

Tax Sale

The last tax sale was held on February 9, 2007 and was complete.

Confirmation of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments and Delinquencies on 2007 Taxes	50

For those confirmation notices which were not returned by taxpayers, we examined subsequent and current cash collections as an alternative procedure when possible.

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

COMMENTS

Year ended December 31, 2007

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

	2007		2006	
	Amount	Percent	Amount	Percent
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 4,260,000.00	5.26 %	\$ 4,470,000.00	5.96 %
Miscellaneous - From Other Than Local Property Tax Levies	18,357,889.10	22.69	16,317,865.86	21.77
Collection of Delinquent Taxes and Tax Title Liens	531,035.03	0.66	442,184.17	0.59
Collection of Current Tax Levy	57,775,867.75	71.39	53,727,543.38	71.68
Total Revenues	80,924,791.88	100.00 %	74,957,593.41	100.00 %
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	24,038,119.51	31.08 %	21,808,280.26	31.00 %
County Taxes	13,107,935.80	16.95	12,344,056.39	17.55
Local School Taxes	38,048,961.00	49.19	35,657,776.00	50.68
Other Expenditures	2,152,903.61	2.78	543,571.09	0.77
Total Expenditures	77,347,919.92	100.00 %	70,353,683.74	100.00 %
Excess in Revenue	3,576,871.96		4,603,909.67	
Add: Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	900,000.00		90,000.00	
Statutory Excess To Fund Balance	4,476,871.96		4,693,909.67	
Fund Balance, January 1	4,697,270.99		4,473,361.32	
	9,174,142.95		9,167,270.99	
Decreased By:				
Utilized as Anticipated Revenue	4,260,000.00		4,470,000.00	
Fund Balance, December 31	\$ 4,914,142.95		\$ 4,697,270.99	

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Comparative Schedule of Tax Rate Information

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	\$ 3.315	\$ 3.123	\$ 2.976
Apportionment of Tax Rate			
Municipal	.299	.265	.233
County	.745	.711	.684
Local School	2.271	2.147	2.059

Assessed Valuations

2007	\$1,746,120,974.00
2006	\$1,720,804,080.00
2005	\$1,690,296,493.00

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2007	\$ 58,397,001.93	\$ 57,775,867.75	98.93%
2006	54,267,796.72	53,727,543.38	99.00
2005	50,891,086.93	50,498,574.78	99.22

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

COMMENTS

Year ended December 31, 2007

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</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2007	\$ 15,244.45	\$ 587,830.31	\$ 603,074.76	1.03%
2006	10,349.62	505,851.76	516,201.38	.95
2005	9,527.53	363,167.00	372,694.53	.73

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows.

<u>Year</u>	<u>Amount</u>
2007	\$ 3,124,180.00
2006	3,128,460.00
2005	3,156,660.00

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2007	\$ 4,914,142.95	\$ 4,750,000.00
2006	4,697,270.99	4,260,000.00
2005	4,473,361.32	4,500,000.00
2004	4,662,539.04	4,500,000.00
2003	4,189,795.04	3,900,000.00

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Officials in Office and Surety Bonds

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Brian A. Reid	Mayor	
John C. Parker	Committeeman	
Mark Dykoff	Committeeman	
Gary Quinn	Committeeman	
Dave Most	Committeeman	
John F. Adams	Administrator	
Veronica Laureigh	Clerk	*
Joseph Regatts	Tax Collector	*
John F. Adams	Chief Financial Officer	*
Damian G. Murray	Municipal Court Judge	*
Theresa Poznanski	Tax Assessor	
Laurie Farnkopf	Court Clerk	*
John S. Kilmurray	Recreation Director	
George Gilmore, Esq.	Solicitor	
O'Donnell, Stanton and Associates	Engineer	

* All employees are covered by a Blanket Bond of \$1,000,000.00, of which \$950,000.00 is provided as part of the Ocean County Joint Insurance Fund and \$50,000.00 is provided through the Municipal Excess Liability Joint Insurance Fund.

INTERNAL CONTROL SECTION

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA
Eugene M. Farrell, CPA, RMA, CFP
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Ocean County Office

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Fax: (732) 505-8358

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, New Jersey

We have audited the regulatory-basis financial statements of the Township of Lacey, County of Ocean, New Jersey ("Township") as of and for the year ended December 31, 2006, and have issued our report thereon dated August 15, 2007 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States; audit requirements as prescribed by the Division of Local Government Services; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

Honorable Mayor and Members
of the Township Committee
Township of Lacey, New Jersey
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

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

This report is intended solely for the information and use of the Township of Lacey's management, and Committee members, others within the organization, and the Division of Local Government Services, and is not intended to be and should not be used by anyone other than these specified parties.

Hutchins, Farrell, Meyer & Allison, P.A.
Independent Auditors

Eugene M Farrell
Eugene M. Farrell
Registered Municipal Accountant
(#409)

July 25, 2008

COMMENTS AND RECOMMENDATIONS

TOWNSHIP OF LACEY
COUNTY OF OCEAN, NEW JERSEY
COMMENTS AND RECOMMENDATIONS

Year ended December 31, 2007

Other Matters

Finance Office

During our audit of the Township's Finance Office, we noted the following:

Finding #2007-1

- Interfund balances exist at year-end.*

Finding #2007-2

- The Township incorrectly recorded receipts to the Capital Improvement Fund.

In order to improve controls over the Township's Finance Office, we recommend the following:

- Interfund balances be liquidated by year-end.
- Analyze receipts and properly record to correct General Ledger accounts.

Tax Office

Finding #2007-3

During our audit of the Township's Tax Office, we noted that the report submitted to the State for Seniors' and Veterans' did not agree to the extended Tax Duplicate.

In order to improve controls over the Township's Tax Office, we recommend that the Tax Office agree its report to the proper records prior to submitting to the State.

* Repeat comment from prior year