

**TOWNSHIP OF LACEY**  
**AUDIT REPORT FOR THE YEAR**  
**ENDED DECEMBER 31, 2015**



**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**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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## INDEPENDENT AUDITOR’S REPORT

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

### Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Lacey, County of Ocean, State of New Jersey as of December 31, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

### Management’s Responsibility for the Financial Statements

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

### Auditor’s Responsibility

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

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

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

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

As discussed in Note 1 to the financial statements, the Township of Lacey prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Lacey, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

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

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund 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 Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 44.28% and 47.95% and of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2015 and 2014.

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

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Lacey, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance - -regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Emphasis of Matter**

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Township of Lacey adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

**Other Matters**

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016, on our consideration of the Township of Lacey’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lacey’s internal control over financial reporting and compliance.

Respectfully submitted,

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

Rodney Haines  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #498

Toms River, New Jersey  
June 13, 2016

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of Lacey (herein referred to as “the Township”), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated June 13, 2016. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1 .

Our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund. As discussed in Note 1 the LOSAP Trust Fund financial statements were not 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 Trust Fund financial statements as part of our audit of the Township of Lacey’s financial statements as of and for the year ended December 31, 2015. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination

of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

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

Rodney Haines  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #498

Toms River, New Jersey  
June 13, 2016

**BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF LACEY** **EXHIBIT A**  
**CURRENT FUND** **Sheet 1 of 2**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE**  
**REGULATORY BASIS**  
**DECEMBER 31, 2015 AND 2014**

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash and Cash Equivalents	A-4	\$ 7,011,996.14	\$ 8,164,464.14
Cash - Change Fund		1,300.00	1,300.00
Cash - Petty Cash		500.00	500.00
		7,013,796.14	8,166,264.14
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-4, A-6	454,894.65	444,310.55
Tax Title Liens Receivable	A-7	216,099.22	189,225.82
Property Acquired for Taxes		3,177,580.00	3,177,580.00
Revenue Accounts Receivable	A-9	16,879.32	23,348.03
		3,865,453.19	3,834,464.40
Deferred Charges:			
Emergency Authorization	A-8	288,000.00	360,000.00
		288,000.00	360,000.00
		11,167,249.33	12,360,728.54
<b><u>Grant Fund</u></b>			
Interfund - Current Fund	A-14	103,978.85	127,650.95
Grants Receivable	A-15	70,415.43	64,012.22
		174,394.28	191,663.17
		\$ 11,341,643.61	\$ 12,552,391.71

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

**TOWNSHIP OF LACEY** **EXHIBIT A**  
**CURRENT FUND** **Sheet 2 of 2**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE**  
**REGULATORY BASIS**  
**DECEMBER 31, 2015 AND 2014**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3,10	\$ 1,877,369.67	\$ 1,120,539.15
Accounts Payable		-	65,772.50
Reserve for Encumbrances	A, A-3	151,938.74	249,236.54
Special Emergency Note Payable	A-4	288,000.00	-
Due to State - Ch. 20, P.L. 1971	A-5	28,340.24	2,172.09
Tax Overpayments		1.63	22,749.42
Prepaid Taxes	A-6	1,016,779.28	490,011.88
Due County for Added and Omitted Taxes	A-11	84,124.75	72,281.38
Local School District Taxes Payable	A-12	295,782.00	1,576,167.00
Due to Lacey MUA		128,679.45	29,340.15
Due to State for Fees Collected		14,681.00	9,044.00
Reserve for:			
Revaluation of Property	A-4	-	63,000.00
Interfunds:			
Assessment Trust Fund	A-13	-	14,851.50
Trust Other Fund	A-13	-	1,694.28
Grant Fund	A-14	103,978.85	127,650.95
		3,989,675.61	3,844,510.84
Reserve for Receivables and Other Assets		3,865,453.19	3,834,464.40
Fund Balance	A-1	3,312,120.53	4,681,753.30
		11,167,249.33	12,360,728.54
<b><u>Grant Fund</u></b>			
Appropriated Reserves	A-16	90,570.50	67,411.18
Reserve for Encumbrances	A-16	18,261.99	31,718.76
Unappropriated Reserves	A-17	65,561.79	92,533.23
		174,394.28	191,663.17
		\$ 11,341,643.61	\$ 12,552,391.71

There were deferred school taxes on December 31, 2015 and 2014 of \$22,897,054.00 and \$22,397,054.00, respectively (Schedule A-12).

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

**TOWNSHIP OF LACEY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-1**

	<b>Ref.</b>	<b>Year 2015</b>	<b>Year 2014</b>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$ 4,200,000.00	\$ 3,600,000.00
Miscellaneous Revenue Anticipated	A-2	13,110,726.27	13,734,947.54
Receipts from Delinquent Taxes	A-2	569,488.16	625,300.77
Receipts from Current Taxes	A-2	73,130,715.21	72,418,083.28
Non-Budget Revenues	A-2	1,410,552.47	1,137,255.74
Other Credits to Income:			
Accounts Payable Cancelled		59,264.30	-
Unexpended Balance of Appropriation Reserves	A-10	894,311.38	845,314.16
Interfunds Liquidated		14,851.50	105,396.09
Total Income		93,389,909.29	92,466,297.58
 <b><u>Expenditures</u></b>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		11,266,250.00	10,491,380.00
Other Expenses		11,579,689.00	11,468,980.00
Deferred Charges and Statutory Expenditures		2,426,200.00	2,270,526.00
Budget Appropriations Excluded from Caps:			
Operations:			
Salaries and Wages		214,500.00	232,200.00
Other Expenses		551,096.43	592,830.25
Capital Improvements		90,000.00	90,000.00
Municipal Debt Service		1,916,903.60	2,328,368.00
Deferred Charges		72,000.00	600,000.00
	A-3	28,116,639.03	28,074,284.25
Prior Year Senior Citizen Deduction Disallowed	A-5	37,034.25	25,263.02
County Taxes	A-11	15,771,287.22	15,941,693.95
Local District School Taxes	A-12	45,610,638.00	44,269,947.00
Miscellaneous Adjustment		121.85	-
Grant Receivables Cancelled	A-14	-	7,971.50
Prior Year Revenue Refunded		118,425.11	32,837.80
Prior Year Tax Appeals Granted		905,396.60	-
Total Expenditures		90,559,542.06	88,351,997.52
Excess in Revenue		2,830,367.23	4,114,300.06
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		-	360,000.00
Statutory Excess to Fund Balance		2,830,367.23	4,474,300.06
Fund Balance January 1	A	4,681,753.30	3,807,453.24
		7,512,120.53	8,281,753.30
Decreased by:			
Utilization as Anticipated Revenue	A-1	4,200,000.00	3,600,000.00
Fund Balance December 31	A	\$ 3,312,120.53	\$ 4,681,753.30

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

TOWNSHIP OF LACEY  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Ref.	Anticipated Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	A-1	\$ 4,200,000.00	\$ -	\$ 4,200,000.00	\$ -
Fund Balance Anticipated					
<b>Miscellaneous Revenues</b>					
Licenses					
Alcoholic Beverages	A-9	20,000.00	-	28,690.00	8,690.00
Fines and Costs					
Municipal Court	A-9	320,000.00	-	300,752.77	(19,247.23)
Interest and Costs on Taxes	A-4	164,035.47	-	242,943.97	78,908.50
Interest on Deposits and Investments	A-9	2,900.00	-	4,314.82	1,414.82
Beach Badges	A-9	20,000.00	-	22,365.00	2,365.00
Dock Rentals	A-9	72,000.00	-	79,200.00	7,200.00
County Recycling Rebate	A-9	45,000.00	-	32,783.10	(12,216.90)
Cable Television Franchise Fees	A-9	101,000.00	-	101,482.68	482.68
Lacey Board of Education Garbage & Recycling Removal	A-9	90,000.00	-	89,997.01	(2.99)
Uniform Construction Code Fees	A-9	380,000.00	-	495,832.96	115,832.96
State Aid:					
Energy Receipts Tax	A-9	11,107,558.00	-	11,107,558.00	-
Garden State Preservation Trust Fund	A-9	166,282.00	-	166,282.00	-
Shared Services Agreements:					
Borough of Harvey Cedars	A-9	2,000.00	-	1,225.00	(775.00)
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Alcohol Education and Rehabilitation	A-15	-	4,714.65	4,714.65	-
Body Armor Fund	A-15	3,789.70	-	3,789.70	-
Bullet Proof Vest Grant	A-15	-	6,379.88	6,379.88	-
Clean Communities Program	A-15	-	75,119.90	75,119.90	-
Community Wildfire Protection Plan	A-15	5,000.00	-	5,000.00	-
Drunk Driving Enforcement Fund	A-15	13,166.12	-	13,166.12	-
Emergency Management - 966 Grant	A-15	30,336.30	-	30,336.30	-
Excelon OEM Donation	A-15	-	5,000.00	5,000.00	-
Municipal Alliance on Drug and Alcohol Abuse	A-15	32,665.00	-	32,665.00	-
Recreation Opportunities for Handicapped	A-15	-	9,650.00	9,650.00	-
Recycling Tonnage Grant	A-15	75,577.41	-	75,577.41	-

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

TOWNSHIP OF LACEY  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):					
Other Special Items:					
Recreation Summer Program Fees	A-9	20,000.00	-	45,900.00	25,900.00
Comcast Technology Reimbursement	A-9	100,000.00	-	100,000.00	-
Reserve to Pay Debt Service	A-9	30,000.00	-	30,000.00	-
Total Miscellaneous Revenues	A-1	12,801,310.00	100,864.43	13,110,726.27	208,551.84
Receipts from Delinquent Taxes	A-1,2	500,000.00	-	569,488.16	69,488.16
Subtotal General Revenues	A-2	17,501,310.00	100,864.43	17,880,214.43	278,040.00
Amount to be Raised by Taxes for Support of Municipal Budget		11,616,835.00	-	12,348,793.99	731,958.99
Total General Revenues		29,118,145.00	100,864.43	30,229,008.42	1,009,998.99
Non-Budget Revenues	A-1,2	-	-	1,410,552.47	1,410,552.47
		\$ 29,118,145.00	\$ 100,864.43	\$ 31,639,560.89	\$ 2,420,551.46

Ref.

A-3

A-3

Allocation of Delinquent Tax Collections

Receipts from Delinquent Taxes:

  Delinquent Tax Collections

  Tax Title Liens

\$ 541,079.53

28,408.63

\$ 569,488.16

**TOWNSHIP OF LACEY  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-2  
Sheet 3 of 3**

	<u>Ref.</u>	
<b><u>Analysis of Realized Revenues</u></b>		
<b><u>Allocation of Current Tax Collections</u></b>		
Revenue from Collections	A-1,6	\$ 73,130,715.21
Allocated to Local School and County Taxes	A-6	61,881,925.22
Balance for Support of Municipal Budget Appropriations		<u>11,248,789.99</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,100,004.00</u>
 Amount for Support of Municipal Budget Appropriations	 A-2	 <u><u>\$ 12,348,793.99</u></u>
 <b><u>Analysis of Non-Budget Revenue</u></b>		
Miscellaneous Revenue not Anticipated:		
Reimbursements		\$ 27,324.66
Land Sales		21,000.00
In Lieu of Taxes		90,000.00
Motor Vehicle Inspection Fines		1,150.00
Municipal Court		342.00
Other		5,254.37
Voided Outstanding Checks		10,163.54
Animal Control - Statutory Excess		3,658.03
JIF Dividend		112,201.28
Treasurer		590,003.10
FEMA Reimbursement		61,189.47
Planning and Zoning		70,852.50
Public Works		250,373.35
Recycling		18,656.69
Tax Collector		17,012.00
Township Clerk		111,847.18
Recreation		4,007.50
Traffic Detail Admin Fee		<u>15,516.80</u>
	A-2,4	<u><u>\$ 1,410,552.47</u></u>

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

**TOWNSHIP OF LACEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriated		Expended			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid	Encumbered	Reserved	
<b><u>OPERATIONS WITHIN CAPS</u></b>						
<b><u>General Government</u></b>						
General Administration:						
Salaries and Wages	\$ 167,100.00	\$ 154,100.00	\$ 147,719.95	\$ -	\$ 6,380.05	\$ -
Other Expenses	13,450.00	13,450.00	5,304.50	2,340.00	5,805.50	-
Township Committee:						
Salaries and Wages	30,000.00	30,000.00	29,596.05	-	403.95	-
Other Expenses	1,500.00	1,500.00	-	-	1,500.00	-
Municipal Clerk:						
Salaries and Wages	199,000.00	207,500.00	199,791.23	-	7,708.77	-
Other Expenses	45,725.00	40,725.00	34,791.58	562.18	5,371.24	-
Financial Administration (Treasury):						
Salaries and Wages	258,000.00	272,000.00	267,122.13	-	4,877.87	-
Other Expenses	29,150.00	24,150.00	22,261.29	669.28	1,219.43	-
Audit Services:						
Other Expenses	46,000.00	46,000.00	44,500.00	-	1,500.00	-
Information Technology:						
Salaries and Wages	54,000.00	54,000.00	51,736.53	-	2,263.47	-
Other Expenses	62,500.00	52,500.00	32,811.01	-	19,688.99	-
Revenue Administration (Tax Collector):						
Salaries and Wages	260,250.00	260,250.00	256,336.16	-	3,913.84	-
Other Expenses	122,950.00	107,950.00	43,293.71	20,150.00	44,506.29	-
Tax Assessment Administration:						
Salaries and Wages	246,000.00	236,000.00	232,173.61	-	3,826.39	-
Other Expenses	68,330.00	68,330.00	44,905.50	-	23,424.50	-
Tax Map Maintenance:						
Other Expenses	5,000.00	5,000.00	459.00	-	4,541.00	-
Legal Services:						
Other Expenses	170,000.00	115,000.00	46,722.00	-	68,278.00	-
Engineering Services:						
Other Expenses	90,000.00	90,000.00	58,850.75	22,757.59	8,391.66	-
<b><u>Land Use Administration</u></b>						
Planning Board:						
Salaries and Wages	4,000.00	4,000.00	3,250.00	-	750.00	-
Other Expenses	18,420.00	18,420.00	7,293.24	-	11,126.76	-
Zoning Board of Adjustment:						
Salaries and Wages	4,000.00	4,000.00	3,000.00	-	1,000.00	-
Other Expenses	19,400.00	19,400.00	4,511.87	-	14,888.13	-

**TOWNSHIP OF LACEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriated		Expended			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid	Encumbered	Reserved	
Land Use:						
Salaries and Wages	298,300.00	298,300.00	276,635.34	-	21,664.66	-
Other Expenses	6,425.00	6,425.00	3,312.95	-	3,112.05	-
Code Enforcement and Zoning:						
Salaries and Wages	178,490.00	179,490.00	163,890.62	-	15,599.38	-
Other Expenses	6,400.00	6,400.00	4,159.20	74.57	2,166.23	-
<b>Insurance</b>						
General Liability	474,000.00	474,000.00	455,744.81	-	18,255.19	-
Workers Compensation	580,000.00	580,000.00	548,473.35	-	31,526.65	-
Employee Group Health	4,105,144.00	4,105,144.00	3,952,688.19	-	152,455.81	-
<b>Public Safety</b>						
Police:						
Salaries and Wages	5,786,800.00	5,966,800.00	5,695,735.44	-	271,064.56	-
Other Expenses	295,940.00	295,940.00	229,925.14	5,793.86	60,221.00	-
Crossing Guards:						
Salaries and Wages	48,000.00	48,000.00	41,658.91	-	6,341.09	-
Other Expenses	3,050.00	3,050.00	2,721.65	216.90	111.45	-
Office of Emergency Management:						
Salaries and Wages	5,000.00	5,100.00	5,000.88	-	99.12	-
Other Expenses	2,500.00	2,500.00	1,200.38	-	1,299.62	-
Search and Recovery Team:						
Other Expenses	7,000.00	7,000.00	6,947.00	-	53.00	-
Aid to Volunteer Fire Companies:						
Other Expenses	46,250.00	46,250.00	39,140.54	2,528.91	4,580.55	-
Aid to Volunteer Ambulance Companies:						
Other Expenses	80,000.00	80,000.00	70,000.00	-	10,000.00	-
Maintenance and Repair of Emergency Equipment:						
Other Expenses	3,000.00	3,000.00	-	-	3,000.00	-
Fire:						
Forked River Fire Company:						
Other Expenses	39,800.00	39,800.00	26,788.49	3,152.50	9,859.01	-
Lanoka Harbor Fire Company:						
Other Expenses	32,980.00	32,980.00	23,214.47	-	9,765.53	-
Bamber Lake Fire Company:						
Other Expenses	23,700.00	23,700.00	17,766.64	2,229.27	3,704.09	-
Municipal Prosecutor:						
Other Expenses	40,000.00	40,000.00	37,987.63	-	2,012.37	-

TOWNSHIP OF LACEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriated		Expended			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid	Encumbered	Reserved	
Municipal Court:						
Salaries and Wages	277,000.00	279,000.00	274,043.93	-	4,956.07	-
Other Expenses	27,350.00	27,350.00	20,912.99	2,430.88	4,006.13	-
Public Defender:						
Other Expenses	29,750.00	29,750.00	29,750.00	-	-	-
<b>Public Works</b>						
Streets and Road Maintenance:						
Salaries and Wages	1,741,250.00	1,811,250.00	1,781,158.12	-	30,091.88	-
Other Expenses	399,000.00	399,000.00	349,633.68	30,833.69	18,532.63	-
Solid Waste Collection:						
Salaries and Wages	150,560.00	156,560.00	154,151.24	-	2,408.76	-
Other Expenses	1,808,500.00	1,808,500.00	1,585,668.37	696.02	222,135.61	-
Buildings and Grounds:						
Salaries and Wages	491,600.00	504,100.00	494,815.69	-	9,284.31	-
Other Expenses	102,450.00	102,450.00	93,725.48	2,667.01	6,057.51	-
Maintenance and Upgrade of Facilities:						
Other Expenses	45,000.00	45,000.00	43,766.16	117.24	1,116.60	-
Sanitary Landfill Testing:						
Other Expenses	900.00	900.00	500.00	-	400.00	-
Vehicle Maintenance (Including Police):						
Other Expenses	289,500.00	289,500.00	220,759.06	34,720.36	34,020.58	-
<b>Health and Welfare</b>						
Public Health Services (Board of Health):						
Salaries and Wages	900.00	900.00	900.00	-	-	-
Other Expenses	14,350.00	14,350.00	1,865.99	-	12,484.01	-
Animal Control Services:						
Other Expenses	83,000.00	83,000.00	69,325.55	-	13,674.45	-
Welfare/Administration of Public Assistance:						
Other Expenses	2,500.00	2,500.00	-	-	2,500.00	-
Senior Outreach:						
Other Expenses	5,000.00	5,000.00	-	-	5,000.00	-
<b>Parks and Recreation</b>						
Recreation Services and Programs:						
Salaries and Wages	268,000.00	261,900.00	246,148.12	-	15,751.88	-
Other Expenses	22,000.00	22,000.00	20,501.84	418.32	1,079.84	-
Maintenance of Parks:						
Other Expenses	102,000.00	102,000.00	99,285.01	-	2,714.99	-
Maintenance of Docks:						
Other Expenses	5,000.00	5,000.00	4,302.50	-	697.50	-

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

**TOWNSHIP OF LACEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriated		Expended			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid	Encumbered	Reserved	
<b><u>Unclassified</u></b>						
Accumulated Leave Compensation:						
Salaries and Wages	462,000.00	362,000.00	312,958.32	-	49,041.68	-
Juvenile Committee:						
Other Expenses	200.00	200.00	-	-	200.00	-
WLTS Channel 21:						
Other Expenses	15,000.00	15,000.00	15,000.00	-	-	-
<b><u>Utility Expenses and Bulk Purchases</u></b>						
Electricity	249,000.00	249,000.00	173,490.50	-	75,509.50	-
Street Lighting	400,000.00	400,000.00	314,249.94	-	85,750.06	-
Telephone	78,000.00	78,000.00	54,509.23	1,174.59	22,316.18	-
Gas (Natural or Propane)	72,000.00	72,000.00	54,960.08	-	17,039.92	-
Fuel Oil	4,000.00	4,000.00	2,553.99	-	1,446.01	-
Telecommunications Costs	1,000.00	1,000.00	-	-	1,000.00	-
Gasoline	325,000.00	250,000.00	176,727.73	18,009.57	55,262.70	-
Landfill/Solid Waste Disposal Costs	1,202,000.00	1,202,000.00	1,013,434.65	-	188,565.35	-
<b><u>State Uniform Construction Code</u></b>						
Construction Official:						
Salaries and Wages	171,000.00	171,000.00	169,393.23	-	1,606.77	-
Other Expenses	23,575.00	23,575.00	11,909.67	396.00	11,269.33	-
Total Operations within Caps	<u>22,845,939.00</u>	<u>22,845,939.00</u>	<u>20,929,822.81</u>	<u>151,938.74</u>	<u>1,764,177.45</u>	<u>-</u>
Detail:						
Salaries and Wages	11,101,250.00	11,266,250.00	10,807,215.50	-	459,034.50	-
Other Expenses	11,744,689.00	11,579,689.00	10,122,607.31	151,938.74	1,305,142.95	-
<b><u>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS</u></b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	479,200.00	479,200.00	479,000.04	-	199.96	-
Social Security System (O.A.S.I.)	860,000.00	860,000.00	781,210.43	-	78,789.57	-
Police and Firemen's Retirement System of N.J.	1,072,000.00	1,072,000.00	1,071,163.59	-	836.41	-
Unemployment Insurance	15,000.00	15,000.00	12,850.78	-	2,149.22	-
Total Statutory Expenditures within Caps	<u>2,426,200.00</u>	<u>2,426,200.00</u>	<u>2,344,224.84</u>	<u>-</u>	<u>81,975.16</u>	<u>-</u>
Total Appropriations within Caps	<u>25,272,139.00</u>	<u>25,272,139.00</u>	<u>23,274,047.65</u>	<u>151,938.74</u>	<u>1,846,152.61</u>	<u>-</u>

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

**TOWNSHIP OF LACEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriated		Expended			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid	Encumbered	Reserved	
<b><u>OPERATIONS EXCLUDED FROM CAPS</u></b>						
<b><u>All Functions</u></b>						
Employee Group Health:						
Other Expenses	30,000.00	30,000.00	27,536.82	-	2,463.18	-
Length of Service Awards Program:						
Other Expenses	170,000.00	170,000.00	164,450.00	-	5,550.00	-
NJ DEP Stormwater Permit:						
Streets and Roads Maintenance:						
Salaries and Wages	212,500.00	212,500.00	212,500.00	-	-	-
Other Expenses	30,000.00	30,000.00	29,701.94	-	298.06	-
NJ Recycling Enhancement Act:						
Landfill/Solid Waste Disposal Costs:						
Other Expenses	44,050.00	44,050.00	26,908.00	-	17,142.00	-
<b><u>Shared Service Agreements</u></b>						
<b><u>Information Technology:</u></b>						
Borough of Harvey Cedars:						
Salaries and Wages	2,000.00	2,000.00	1,225.00	-	775.00	-
<b><u>Public and Private Programs Offset by Revenues</u></b>						
Alcohol Education and Rehabilitation Fund						
Body Armor Fund	-	4,714.65	4,714.65	-	-	-
Bullet Proof Vest Partnership Grant	3,789.70	3,789.70	3,789.70	-	-	-
Clean Communities Program	-	6,379.88	6,379.88	-	-	-
Community Wildfire Protection Plan	-	75,119.90	75,119.90	-	-	-
Drunk Driving Enforcement Fund	5,000.00	5,000.00	5,000.00	-	-	-
Emergency Management - 966 Program	13,166.12	13,166.12	13,166.12	-	-	-
Excelon OEM Donation	30,336.30	30,336.30	30,336.30	-	-	-
Municipal Alliance on Drug and Alcohol Abuse	-	5,000.00	5,000.00	-	-	-
Municipal Alliance on Drug and Alcohol Abuse - Local Match	32,665.00	32,665.00	32,665.00	-	-	-
Recreation Opportunities for Handicapped	8,728.65	8,728.65	8,728.65	-	-	-
Recreation Opportunities for Handicapped - Local Match	-	9,650.00	9,650.00	-	-	-
Recycling Tonnage Grant	-	1,930.00	1,930.00	-	-	-
Matching Fund for Grants	75,577.41	75,577.41	75,577.41	-	-	-
Total Operations excluded from Caps	664,732.00	765,596.43	734,379.37	-	31,217.06	-
Detail:						
Salaries and Wages	214,500.00	214,500.00	213,725.00	-	775.00	-
Other Expenses	450,232.00	551,096.43	520,654.37	-	30,442.06	-
<b><u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u></b>						
Capital Improvement Fund	90,000.00	90,000.00	90,000.00	-	-	-
Total Capital Improvements excluded from Caps	90,000.00	90,000.00	90,000.00	-	-	-

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

TOWNSHIP OF LACEY  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Encumbered	Reserved	
<b><u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u></b>					
Payment of Bond Principal	825,000.00	825,000.00	-	-	-
Payment of Bond Anticipation Notes	782,500.00	782,500.00	-	-	-
Interest on Bonds	143,085.00	143,085.00	-	-	-
Interest on Notes	105,000.00	105,000.00	-	-	2,363.90
Green Trust Loan Program:					
Principal	47,483.74	47,483.74	-	-	-
Interest	16,201.26	16,201.26	-	-	2.50
Total Municipal Debt Service excluded from Caps	1,919,270.00	1,919,270.00	-	-	2,366.40
<b><u>DEFERRED CHARGES EXCLUDED FROM CAPS</u></b>					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	72,000.00	72,000.00	-	-	-
Total Deferred Charges excluded from Caps	72,000.00	72,000.00	-	-	-
Total General Appropriations excluded from Caps	2,746,002.00	2,846,866.43	-	31,217.06	2,366.40
Subtotal General Appropriations	28,018,141.00	28,119,005.43	151,938.74	1,877,369.67	2,366.40
Reserve for Uncollected Taxes	1,100,004.00	1,100,004.00	-	-	-
Total General Appropriations	\$ 29,118,145.00	\$ 29,219,009.43	\$ 151,938.74	\$ 1,877,369.67	\$ 2,366.40
Budget		A-1,3	A	A	A-1
Added by N.J.S. 40A:4-87		\$ 29,118,145.00			
		100,864.43			
		<u>\$ 29,219,009.43</u>			
Disbursements					
Reserve for Uncollected Taxes		\$ 25,743,273.01			
Deferred Charges:		1,100,004.00			
Special Emergency Authorizations		72,000.00			
Interfund:					
Grant Fund		272,057.61			
		<u>\$ 27,187,334.62</u>			

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

**TOWNSHIP OF LACEY  
TRUST FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE  
REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

**EXHIBIT B**

	Reference	2015	2014
<u>Assets</u>			
Assessment Fund:			
Interfund - Current Fund	B-3	\$ -	\$ 14,851.50
		-	14,851.50
Animal Control Trust Fund:			
Cash	B-2	46,874.60	31,735.04
Other Trust Funds:			
Cash	B-2	1,956,144.58	1,646,413.55
Interfund - Current Fund	B-8	-	1,694.28
		1,956,144.58	1,648,107.83
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Funds Held by Trustee	B-7	1,591,636.25	1,561,061.79
		\$ 3,594,655.43	\$ 3,255,756.16
 <u>Liabilities, Reserves and Fund Balance</u>			
Assessment Fund:			
Fund Balance	B-1	\$ -	\$ 14,851.50
		-	14,851.50
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-4	46,858.40	31,590.44
Fees Due to State of New Jersey	B-5	16.20	144.60
		46,874.60	31,735.04
Other Trust Fund:			
Miscellaneous Reserves:			
Developers' Escrows	B-6	767,034.57	779,904.90
Various Reserves	B-6	1,168,845.33	849,672.73
Unemployment	B-6	20,264.68	18,530.20
		1,956,144.58	1,648,107.83
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Awards Program (LOSAP)	B-7	1,591,636.25	1,561,061.79
		\$ 3,594,655.43	\$ 3,255,756.16

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

**TOWNSHIP OF LACEY  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - ASSESSMENT FUND  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT B-1**

Balance December 31, 2014	B	\$ 14,851.50
Decreased by:		
Cancellation of Interfund		14,851.50
Balance December 31, 2015	B	\$ -

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

**TOWNSHIP OF LACEY****EXHIBIT C**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**  
**REGULATORY BASIS**  
**DECEMBER 31, 2015 AND 2014**

	Reference	2015	2014
<u>Assets</u>			
Cash and Cash Equivalents	C-2	342,165.44	408,101.85
Deferred Charges to Future Taxation:			
Funded	C-4	3,459,265.80	4,331,749.54
Unfunded	C-5	13,696,376.25	12,506,573.00
Grants Receivable	C-6	2,416,696.75	1,152,500.00
		19,914,504.24	18,398,924.39
 <u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-7	50,884.25	56,384.25
Improvement Authorizations:			
Funded	C-9	1,469,259.48	867,525.30
Unfunded	C-9	6,354,264.60	4,963,019.16
Reserve for Encumbrances	C-9	429,518.11	605,294.14
Serial Bonds	C-10	2,685,000.00	3,510,000.00
DEP Loan Payable	C-11	774,265.80	821,749.54
Bond Anticipation Notes	C-12	8,000,000.00	7,500,000.00
Reserve to Pay Debt Service	C-13	91,000.00	46,000.00
Fund Balance	C-1	60,312.00	28,952.00
		19,914,504.24	18,398,924.39

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$5,696,376.25 and \$5,006,753.00, respectively (Schedule C-14).

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

**TOWNSHIP OF LACEY  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT C-1**

	<u>Reference</u>	
Balance December 31, 2014	C	\$ 28,952.00
Increased by:		
Receipts:		
Premium on Sale of Notes	C-2	<u>31,360.00</u>
Balance December 31, 2015	C	<u><u>\$ 60,312.00</u></u>

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

**TOWNSHIP OF LACEY**  
**PAYROLL FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE**  
**REGULATORY BASIS**  
**DECEMBER 31, 2015 AND 2014**

**EXHIBIT D**

	<b>2015</b>	<b>2014</b>
<b><u>Assets</u></b>		
Cash	\$ 133,602.70	\$ 115,805.96
	\$ 133,602.70	\$ 115,805.96
<b><u>Liabilities</u></b>		
Due to Various Agencies	\$ 133,602.70	\$ 115,805.96
	\$ 133,602.70	\$ 115,805.96

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

**TOWNSHIP OF LACEY**  
**GENERAL FIXED ASSET ACCOUNT GROUP**  
**COMPARATIVE STATEMENT OF FIXED ASSETS AND FUND BALANCE**  
**REGULATORY BASIS**  
**DECEMBER 31, 2015 AND 2014**

**EXHIBIT E**

	<b>2015</b>	<b>2014</b>
General Fixed Assets:		
Land	\$ 12,237,800.00	\$ 12,237,800.00
Buildings	3,011,800.00	3,011,800.00
Machinery and Equipment	10,541,913.62	9,805,459.08
	\$ 25,791,513.62	\$ 25,055,059.08
Investment in General Fixed Assets	\$ 25,791,513.62	\$ 25,055,059.08

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

**TOWNSHIP OF LACEY  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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## TOWNSHIP OF LACEY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

#### Note 1. Summary of Significant Accounting Policies

##### A. Reporting Entity

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

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

##### B. Descriptions of Funds

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

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

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

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

**Animal Control Trust Fund** - animal license revenues and expenditures.

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

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

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

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

## TOWNSHIP OF LACEY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

##### C. Basis of Accounting, Measurement Focus 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. A modified accrual basis of accounting is followed by the Township. Modifications from the accrual basis follow:

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

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

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

**Encumbrances** - contractual orders at December 31, 2015 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

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

**Compensated Absences** - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2015 is set forth in Note 4.

## TOWNSHIP OF LACEY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

**General Fixed Assets - (continued)**

During 2015 the following changes occurred in the fixed assets of the Township:

	Balance December 31, <u>2014</u>	<u>Additions</u>	Balance December 31, <u>2015</u>
General Fixed Asset Group:			
Land	\$ 12,237,800.00	\$ -	\$ 12,237,800.00
Buildings	3,011,800.00	-	3,011,800.00
Machinery and Equipment	9,805,459.08	736,454.54	10,541,913.62
	<u>\$ 25,055,059.08</u>	<u>\$ 736,454.54</u>	<u>\$ 25,791,513.62</u>

**D. Financial Statements**

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

**E. Budgets and Budgetary Accounting**

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

**F. Reporting Entity**

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

**G. Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Township implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27). The implementation of the Statement requires the Township to disclose its portion of the collective net pension liability of the New Jersey Public Employees’ Retirement System (PERS) and the New Jersey Police Firemen’s Retirement System (PFRS).

## TOWNSHIP OF LACEY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

##### H. Subsequent Events

The Township has evaluated subsequent events through June 13, 2016, the date the financial statements were available to be issued. See Note 18 for information on subsequent events.

#### Note 2. Cash and Cash Equivalents

##### A. Deposits

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

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$9,357,700.26 and the bank balance amount was \$9,220,564.79. Of this amount \$250,000.00 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$8,600,712.56. An amount of \$369,852.23 was on deposit in the name of various developers for escrow and is either insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the escrow depository.

##### B. Investments

- a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:
  - (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
  - (2) Government money market mutual funds.
  - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
  - (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.

## TOWNSHIP OF LACEY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

#### Note 2. Cash and Cash Equivalents (continued)

##### B. Investments (continued)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
  - (6) Municipal investment pools.
  - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
  - (8) Agreements for the repurchase of fully collateralized securities, if:
    - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
    - (b) the custody of collateral is transferred to a third party;
    - (c) the maturity of the agreement is not more than 30 days;
    - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
    - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

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

At year-end the Township had no investments.

##### C. Cash Management Plan

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

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

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

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 2. Cash and Cash Equivalents (continued)**

**D. Credit Risk Categories**

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

<u>Depository Account</u>	<u>2015</u>	<u>2014</u>
Insured:		
FDIC	\$ 250,000.00	\$ 250,000.00
GUDPA	8,600,712.56	9,803,169.11
Uninsured	<u>369,852.23</u>	<u>390,950.49</u>
	<u>\$ 9,220,564.79</u>	<u>\$ 10,444,119.60</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.

State law limits investments as noted above.

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

**Note 3. Taxes Receivable**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

<u>Comparative Schedule of Tax Rate Information</u>			
	<u>2015 (r)</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$ 1.944</u>	<u>\$ 1.720</u>	<u>\$ 1.647</u>
Apportionment of Tax Rate			
Net County Levy	0.351	0.315	0.303
County Library Tax	0.038	0.035	0.035
County Health Tax	0.014	0.013	0.013
County Open Space Tax	0.012	0.011	0.011
District School Tax	1.221	1.066	1.033
Local Municipal Purpose Tax	0.308	0.280	0.252

(r) = Reassessment

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 3. Taxes Receivable (continued)**

**Net Valuation Taxable**

2015 (r)	<u>\$ 3,777,831,300.00</u>		
2014		<u>\$ 4,238,500,299.00</u>	
2013			<u>\$ 4,271,828,151.00</u>

**Comparison of Tax Levies and Collection Currently**

Year	Tax Levy	Cash Collections	Percentage Of Collection
2015	\$ 73,739,103.47	\$ 73,130,715.21	99.17%
2014	73,218,938.65	72,418,083.28	98.91%
2013	70,552,994.00	69,407,691.00	98.38%

**Property Acquired by  
Tax Title Lien Liquidation**

Year	Amount
2015	\$ 3,177,580.00
2014	3,177,580.00
2013	3,177,580.00

**Delinquent Taxes and Tax Title Liens**

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2015	\$ 216,099.22	\$ 454,894.65	\$ 670,993.87	0.91%
2014	189,225.82	444,310.55	633,536.37	0.87%
2013	164,926.32	622,448.13	787,374.45	1.12%

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 4. Debt**

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

**A. Long-Term Debt**

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

**General Capital Fund - General Improvements**

4.00% General Improvement Serial Bonds issued

August 1, 2006, installment maturities to

August 1, 2018

\$ 2,685,000

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 855,000	\$ 110,085
2017	895,000	75,030
2018	<u>935,000</u>	<u>38,335</u>
 Total	 <u>\$ 2,685,000</u>	 <u>\$ 223,450</u>

**DEP Loan**

The Township has a low interest loan (2%) from the New Jersey Department of Environmental Protection. \$1,024,111 for dam restoration was finalized in 2003. The Township must repay the loans in semi-annual installments over twenty years. The balance December 31, 2015 was \$774,265.80. Loan payments are due through 2029.

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 4. Debt (continued)**

**A. Long-Term Debt (continued)**

**DEP Loan (continued)**

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 48,438.16	\$ 15,244.33
2017	49,411.77	14,270.73
2018	50,404.95	13,276.55
2019	51,418.09	12,264.41
2020	52,451.59	11,230.91
2021-2025	278,501.33	39,910.10
2026-2029	<u>243,639.91</u>	<u>11,091.01</u>
Total	<u>\$ 774,265.80</u>	<u>\$ 117,288.04</u>

**B. Short-Term Debt**

On December 31, 2015, the Township's outstanding bond anticipation notes were as follows:

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Amount</u>	<u>Interest Rate</u>
2006-55	Design and Construction of Connector Road	\$ 168,000.00	1.25%
2007-15	EMS Equipment and Court Security Upgrades	5,000.00	1.25%
2007-28	Road and Drainage Improvements and Dredging	400,000.00	1.25%
2008-10	Bayside Beach Dredging	189,000.00	1.25%
2008-17	Various Improvements	228,000.00	1.25%
2008-21	Deerhead Lake Dam Improvements	355,000.00	1.25%
2008-23	Acquisition of Real Property	1,075,000.00	1.25%
2008-24	Conifer Drive Improvements	198,500.00	1.25%
2008-26	Various Improvements	98,500.00	1.25%
2008-27	Purchase Fire Truck and Ambulance	633,000.00	1.25%
2009-16	Wordens Oyster Pond	94,000.00	1.25%
2009-28	Conifer Drive Phase III	190,000.00	1.25%
2011-16	Lake Barnegat Drive North Road Improvements	91,500.00	1.25%
2011-20	Lake Barnegat Drive North Road Improvements, Alternate 2	78,000.00	1.25%
2011-21	Purchase of an Ambulance	63,000.00	1.25%
2012-20	Various Improvements	1,176,000.00	1.25%
2013-16, 29	Various Improvements	1,675,000.00	1.25%
14-14	Various Improvements	<u>1,282,500.00</u>	1.25%
		<u>\$ 8,000,000.00</u>	

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 4. Debt (continued)**

**C. Bonds and Notes Authorized but not Issued**

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

	<b>2015</b>	<b>2014</b>
General Capital Fund - General Improvements	\$ 5,601,376.25	\$ 4,911,573.00
General Capital Fund - Local Improvements	<u>95,000.00</u>	<u>95,000.00</u>
	<u><u>\$ 5,696,376.25</u></u>	<u><u>\$ 5,006,573.00</u></u>

**D. Summary of Debt Activity**

During 2015 and 2014 the following changes occurred in the debt service of the Township:

	Balance December 31, <u>2014</u>	<u>Issued</u>	<u>Retirements</u>	Balance December 31, <u>2015</u>
General Capital Fund:				
Serial Bonds	\$ 3,510,000.00	\$ -	\$ 825,000.00	\$ 2,685,000.00
Bond Anticipation Notes	7,500,000.00	1,282,500.00	782,500.00	8,000,000.00
DEP Loan	<u>821,749.54</u>	<u>-</u>	<u>47,483.74</u>	<u>774,265.80</u>
	<u><u>\$ 11,831,749.54</u></u>	<u><u>\$ 1,282,500.00</u></u>	<u><u>\$ 1,654,983.74</u></u>	<u><u>\$ 11,459,265.80</u></u>
	Balance December 31, <u>2013</u>	<u>Issued</u>	<u>Retirements</u>	Balance December 31, <u>2014</u>
General Capital Fund:				
Serial Bonds	\$ 4,300,000.00	\$ -	\$ 790,000.00	\$ 3,510,000.00
Bond Anticipation Notes	7,000,000.00	1,675,000.00	1,175,000.00	7,500,000.00
DEP Loan	<u>868,297.66</u>	<u>-</u>	<u>46,548.12</u>	<u>821,749.54</u>
	<u><u>\$ 12,168,297.66</u></u>	<u><u>\$ 1,675,000.00</u></u>	<u><u>\$ 2,011,548.12</u></u>	<u><u>\$ 11,831,749.54</u></u>

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 4. Debt (continued)**

**E. Summary of Municipal Debt**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issued</u>			
General			
Bonds, Notes and Loans	<u>\$ 11,459,265.80</u>	<u>\$ 11,831,749.54</u>	<u>\$ 12,168,297.66</u>
Less:			
Funds Temporarily Held to Pay Bonds:			
General Capital Fund	<u>91,000.00</u>	<u>46,000.00</u>	<u>84,370.00</u>
Net Debt Issued	<u>11,368,265.80</u>	<u>11,785,749.54</u>	<u>12,083,927.66</u>
 <u>Authorized but not Issued</u>			
General			
Bonds, Notes and Loans	<u>5,696,376.25</u>	<u>5,006,753.00</u>	<u>3,600,073.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u><u>\$ 17,064,642.05</u></u>	<u><u>\$ 16,792,502.54</u></u>	<u><u>\$ 15,684,000.66</u></u>

**F. 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 .443%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 36,310,000.00	\$ 36,310,000.00	\$ -
General Debt	<u>17,155,642.05</u>	<u>91,000.00</u>	<u>17,064,642.05</u>
	<u><u>\$ 53,465,642.05</u></u>	<u><u>\$ 36,401,000.00</u></u>	<u><u>\$ 17,064,642.05</u></u>

Net Debt \$17,064,642.05 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$3,850,550,780.67 = .443%.

**G. Borrowing Power Under N.J.S.A. 40A:2-6**

3.5% of Equalized Valuation Basis (Municipal)	\$ 134,769,277.32
Net Debt	<u>17,064,642.05</u>
Remaining Borrowing Power	<u><u>\$ 117,704,635.27</u></u>

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 5. Accrued Sick and Vacation Benefits**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated maximum current cost of such unpaid compensation approximates \$1,372,077.16 and \$1,053,676.66 at December 31, 2015 and 2014, respectively, assuming that all personnel retire from the Township. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

**Note 6. Fund Balance Appropriated**

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

<u>Year</u> <u>Current Fund</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding Year</u>
2015	\$ 3,312,120.53	\$ 3,100,000.00
2014	4,681,753.30	4,200,000.00
2013	3,807,453.40	3,600,000.00
2012	3,861,274.00	3,600,000.00
2011	4,006,603.00	3,600,000.00

**Note 7. Assessment and Collection of Property Taxes**

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

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after November 11th of the current year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 8. Deferred Charges to Future Taxation Funded and Unfunded**

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

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015 and 2014, the following deferred charges are shown on the balance sheet of the Current Fund:

	Balance December 31, 2014	Decreases	Balance to Succeeding Budgets
Current Fund:			
Emergency	\$ 360,000.00	\$ 72,000.00	\$ 288,000.00

The appropriation in the 2016 and 2015 budgets were not less than that required by statute.

**Note 9. Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$466,080 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

**Net Pension Liability and Pension Expense** - At December 31, 2015, the Township's proportionate share of the PERS net pension liability is valued to be \$14,970,722. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2015, was .06669%, which was a decrease of .01015% from its proportion measured as of June 30, 2014.

Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Acturial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	14,970,722	10,585,207
Township's portion of the Plan's total net pension Liability	0.06669%	0.05654%

For the year ended December 31, 2015, the Township had an allocated pension expense of \$573,361.

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
Township's proportionate share of the net pension liability	\$ 18,606,775	\$ 14,970,722	\$ 11,922,281

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$1,065,711 for 2015.

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

The employee contributions for PFRS are 10.00% of employees’ annual compensation, as defined.

**Special Funding Situation** – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

**Net Pension Liability and Pension Expense** - At December 31, 2015, the Township’s proportionate share of the PFRS net pension liability is valued to be \$22,913,651. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Township’s proportion of the net pension liability was based on the Township’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2015. The Township’s proportion measured as of June 30, 2015, was .137566%, which was a decrease of .00119% from its proportion measured as of June 30, 2014.

Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Acturial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	\$ 22,913,651	\$ 17,453,712
Township's portion of the Plan's total net pension Liability	0.137566%	0.138752%

For the year ended December 31, 2015, the Township had an allocated pension expense of \$1,934,591.

Additionally, the State’s proportionate share of the net pension liability attributable to the Township is \$2,009,450 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The State’s proportion of the net pension liability associated with the Township was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2015 was .137566%, which was a decrease of .00119% from its proportion measured as of June 30, 2014, which is the same proportion as the Township’s.

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

Township's Proportionate Share of the Net Pension Liability	\$ 22,913,651
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,009,450</u>
Total Net Pension Liability	<u><u>\$ 24,923,101</u></u>

For the year ended December 31, 2015, the Township's total allocated pension expense was \$2,185,241.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PFRS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made on the average of the last five years of contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 32,856,560	\$ 24,923,102	\$ 18,454,075

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial statements.

**C. Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no Township employees enrolled in the DCRP for the years ended December 31, 2015, 2014 and 2013.

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Township.

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 10. School Taxes**

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

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

	Local District School Tax	
	Balance December 31	
	2015	2014
Balance of Tax	\$ 23,192,836.00	\$ 23,973,221.00
Deferred	22,897,054.00	22,397,054.00
Tax Payable	\$ 295,782.00	\$ 1,576,167.00

**Note 11. Unemployment Compensation Insurance**

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.) The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. A portion of funds collected from employees are transmitted to the State. The Reserve for Unemployment Trust at December 31, 2015 and 2014 is \$20,264.68 and \$18,530.20, respectively.

**Note 12. Risk Management**

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

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

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 12. Risk Management (continued)**

The Township has established a self-insurance program in accordance with New Jersey Statute Chapter 40:10. The Statute enables the governing body of any local unit to provide insurance coverage for its exposure to a wide variety of property and liability casualty risks. The Township self insures for dental coverage. At December 31, 2015 and 2014 the Township's exposure for claims incurred under the above self-insurance program is not presently determinable. There is a balance in the self-insurance trust fund of \$4,138.38 and \$10,772.54 at December 31, 2015 and 2014, respectively.

**Note 13. Contingent Liabilities**

**A. State and Federal Financial Assistance**

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2015, the Township estimates that no material liabilities will result from such audits.

**B. Major Tax Assessments**

Taxpayers in 2015 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>% of Value</u>
Exelon Generation Co.	\$ 114,054,400	3.02%
JCP&L	50,059,100	1.33%

**C. Pending Litigation**

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

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

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

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 14. Interfund Receivables and Payables**

The following interfund balances remained on the balance sheets at December 31, 2015:

<b>Fund</b>	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
Current Fund	\$ -	\$ 103,978.85
Grant Fund	103,978.85	-
	103,978.85	-
<b>Total</b>	<b>\$ 103,978.85</b>	<b>\$ 103,978.85</b>

The purpose of interfunds is for short-term borrowing.

**Note 15. Service Contract – Municipal Utilities Authority**

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

**Note 16. Deferred Compensation**

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

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

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

**Note 17. Length of Service Award Program (“LOSAP”) - Unaudited**

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

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

## TOWNSHIP OF LACEY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

#### **Note 17. Length of Service Award Program (“LOSAP”) – Unaudited (continued)**

**Appropriations** - Appropriations for the purpose of funding the Township’s LOSAP shall be included as a separate line item in the Township’s budget, commencing with the year 2005.

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

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

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

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

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

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

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

**TOWNSHIP OF LACEY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**Note 18. Subsequent Events**

On January 14, 2016, the Township approved a resolution authorizing the sale and issuance of general obligation bonds totaling \$9,975,000.00.

On March 10, 2016, the Township adopted an ordinance authorizing the acquisition of public works equipment and replacement of street end bulkheads. The Township appropriated \$261,000.00 and authorizing the issuance of \$247,950.00 in bonds or bond anticipation notes to finance said ordinance.

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**SUPPLEMENTARY EXHIBITS**

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**CURRENT FUND**

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**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-4**

	Ref.		
Balance December 31, 2014	A		\$ 8,164,464.14
Increased by Receipts:			
Taxes Receivable	A-6	\$ 72,742,853.06	
Tax Title Liens	A-7	28,408.63	
Tax Overpayments		1.63	
Prepaid Taxes	A	1,016,779.28	
State of New Jersey (Ch. 20, P.L. 1971)	A-5	428,063.70	
Revenue Accounts Receivable	A-9	12,848,522.28	
Miscellaneous Revenue Not Anticipated	A-2	1,410,552.47	
Tax Anticipation Note Payable		8,000,000.00	
Special Emergency Note Payable	A	288,000.00	
Interfunds:			
Grant Fund	A-14	500,081.92	
Due to Lacey MUA		437,386.15	
Due to State for Fees Collected		47,422.00	
		97,748,071.12	105,912,535.26
Decreased by Disbursements:			
Budget Appropriations	A-3	25,743,273.01	
Appropriation Reserves	A-10	475,464.31	
Accounts Payable		6,508.20	
Tax Overpayments		939,815.77	
County Taxes Payable	A-11	15,759,443.85	
Local School District Tax	A-12	46,891,023.00	
Tax Anticipation Note Payable		8,000,000.00	
Reserve for Revaluation	A	63,000.00	
Prior Year Revenue Refunded	A-1	118,425.11	
Interfunds:			
Grant Fund	A-14	523,754.02	
Due to Lacey MUA	A	338,046.85	
Due to State for Fees Collected		41,785.00	
		98,900,539.12	
Balance December 31, 2015	A		\$ 7,011,996.14

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF DUE FROM STATE OF NEW JERSEY  
(CHAPTER 20, P.L. 1971)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-5**

Balance December 31, 2014 - Due To		\$ (2,172.09)
Increased by:		
2015 Senior Citizens and Veterans Deductions per Tax Duplicate	\$ 446,005.83	
2015 Deductions Allowed by Tax Collector	8,000.00	
Prior Year Deductions Allowed by Tax Collector	3,784.25	
Subtotal		457,790.08
		455,617.99
Decreased by:		
2015 Deductions Disallowed by Tax Collector	15,076.03	
Prior Year Deductions Disallowed by Tax Collector	40,818.50	
Cash Received	428,063.70	
		483,958.23
Balance December 31, 2015 - Due To		\$ (28,340.24)

**TOWNSHIP OF LACEY  
CURRENT FUND**

**EXHIBIT A-6**

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Year	Balance		Collections		Due from State	Transferred to Liens	Cancelled	Balance Dec. 31, 2015
	Dec. 31, 2014	Levy	2014	2015				
2011	\$ -	\$ -	\$ -	\$ 750.00	\$ (5,500.00)	\$ -	\$ -	4,750.00
2012	3,236.59	22,969.17	-	26,954.47	(5,500.00)	-	-	4,751.29
2013	953.99	33,208.03	-	29,730.45	(5,250.00)	0.88	4,675.75	5,004.94
2014	440,119.97	62,570.75	-	483,644.61	(20,784.25)	5,649.56	25,325.77	8,855.03
2015	444,310.55	118,747.95	-	541,079.53	(37,034.25)	5,650.44	30,001.52	23,361.26
	-	73,739,103.47	490,011.88	72,201,773.53	438,929.80	43,442.58	133,412.29	431,533.39
	\$ 444,310.55	\$ 73,857,851.42	\$ 490,011.88	\$ 72,742,853.06	\$ 401,895.55	\$ 49,093.02	\$ 163,413.81	\$ 454,894.65

Ref.	A	A-7	A	A-5	A-8	A
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**Analysis of 2015 Property Tax Levy**

Tax Yield:	
General Purpose Tax	\$ 73,441,037.89
Added and Omitted Taxes	298,065.58
	<u>\$ 73,739,103.47</u>
Tax Levy:	
Local District School Tax (Abstract)	\$ 46,110,638.00
County Taxes:	
County Tax (Abstract)	\$ 13,277,590.00
County Library Tax (Abstract)	1,437,647.77
County Health (Abstract)	517,379.41
County Open Space Tax (Abstract)	454,545.29
Due County for Added and Omitted Taxes	84,124.75
Total County Taxes	<u>15,771,287.22</u>
Local Tax for Municipal Purposes	11,616,835.00
Additional Tax Levied	240,343.25
	<u>11,857,178.25</u>
	<u>\$ 73,739,103.47</u>

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-7**

Balance December 31, 2014		\$ 189,225.82
Increased by:		
Transfers from Taxes Receivable	\$ 49,093.02	
Interest and Costs Accrued at Sale	<u>6,189.01</u>	
		<u>55,282.03</u>
		244,507.85
Decreased by:		
Receipts		<u>28,408.63</u>
Balance December 31, 2015		<u><u>\$ 216,099.22</u></u>

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-55  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Date Authorized</u>	<u>Improvement Description</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance Dec. 31, 2015</u>
2014	Revaluation of Real Property	\$ 360,000.00	\$ 72,000.00	\$ 360,000.00	\$ 72,000.00	\$ 288,000.00
				<u>\$ 360,000.00</u>	<u>\$ 72,000.00</u>	<u>\$ 288,000.00</u>
			Ref.	A	A-3	A

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Accrued in 2015</u>	<u>Collected by Treasurer</u>	<u>Balance Dec. 31, 2015</u>
Alcoholic Beverages Licenses	A-2	\$ -	\$ 28,690.00	\$ 28,690.00	\$ -
Fines and Costs					
Municipal Court	A-2	23,348.03	294,284.06	300,752.77	16,879.32
Interest and Costs on Taxes	A-2	-	242,943.97	242,943.97	-
Interest on Deposits and Investments	A-2	-	4,314.82	4,314.82	-
Beach Badges	A-2	-	22,365.00	22,365.00	-
Dock Rentals	A-2	-	79,200.00	79,200.00	-
County Recycling Rebate	A-2	-	32,783.10	32,783.10	-
Cable Television Franchise Fees	A-2	-	101,482.68	101,482.68	-
Lacey Board of Education Garbage & Recycling Removal	A-2	-	89,997.01	89,997.01	-
Uniform Construction Code Fees	A-2	-	495,832.96	495,832.96	-
State Aid:					
Energy Receipts Tax	A-2	-	11,107,558.00	11,107,558.00	-
Garden State Preservation Trust Fund	A-2	-	166,282.00	166,282.00	-
Shared Services Agreements:					
Borough of Harvey Cedars	A-2	-	1,225.00	1,225.00	-
Recreation Summer Program Fees	A-2	-	45,900.00	45,900.00	-
Comcast Technology Reimbursement	A-2	-	100,000.00	100,000.00	-
Reserve to Pay Debt Service	A-2	-	30,000.00	30,000.00	-
		<u>\$ 23,348.03</u>	<u>\$ 12,842,858.60</u>	<u>\$ 12,849,327.31</u>	<u>\$ 16,879.32</u>
Receipts	A-4			\$ 12,848,522.28	
Interfunds	A-13			805.03	
				<u>\$ 12,849,327.31</u>	

TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
<b><u>APPROPRIATIONS WITHIN CAPS</u></b>					
<b><u>General Government</u></b>					
General Administration:					
Salaries and Wages	\$ 2,355.07	\$ -	\$ 5,430.07	\$ -	\$ 5,430.07
Other Expenses	2,830.26	1,445.96	4,276.22	1,414.90	2,861.32
Township Committee:					
Salaries and Wages	2,038.56	-	2,038.56	-	2,038.56
Other Expenses	1,366.78	-	1,366.78	-	1,366.78
Municipal Clerk:					
Salaries and Wages	0.64	-	7,225.64	-	7,225.64
Other Expenses	9,128.79	643.88	9,772.67	809.82	8,962.85
Financial Administration (Treasury):					
Salaries and Wages	92.38	-	10,052.38	-	10,052.38
Other Expenses	3,392.42	278.35	3,670.77	441.65	3,229.12
Audit Services:					
Other Expenses	2,750.00	-	2,750.00	1,000.00	1,750.00
Information Technology:					
Salaries and Wages	1,330.19	-	1,960.19	-	1,960.19
Other Expenses	8,747.01	-	8,747.01	2,299.40	6,447.61
Revenue Administration (Tax Collector):					
Salaries and Wages	12,239.62	-	12,239.62	-	12,239.62
Other Expenses	22,310.44	25,115.00	32,425.44	19,728.01	12,697.43
Tax Assessment Administration:					
Salaries and Wages	7,673.30	-	9,318.30	-	9,318.30
Other Expenses	1.25	-	1.25	-	1.25
Tax Map Maintenance:					
Other Expenses	3,815.11	-	3,815.11	3,665.05	150.06
Legal Services:					
Other Expenses	59,156.35	864.00	15,020.35	864.00	14,156.35
Engineering Services:					
Other Expenses	14,639.25	2,844.50	12,483.75	228.00	12,255.75
<b><u>Land Use Administration</u></b>					
Planning Board:					
Salaries and Wages	1,000.00	-	1,000.00	-	1,000.00
Other Expenses	14,048.95	-	4,048.95	700.00	3,348.95

TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Zoning Board of Adjustment:					
Salaries and Wages	1,000.00	-	1,000.00	-	1,000.00
Other Expenses	17,215.42	110.00	7,325.42	330.50	6,994.92
Land Use:					
Salaries and Wages	134.72	-	134.72	-	134.72
Other Expenses	6,437.58	375.00	6,812.58	391.83	6,420.75
Code Enforcement and Zoning:					
Salaries and Wages	780.95	-	2,410.95	-	2,410.95
Other Expenses	896.88	-	896.88	62.52	834.36
<b>Insurance</b>					
General Liability	43,064.90	-	23,064.90	-	23,064.90
Workers Compensation	2,876.32	-	2,876.32	-	2,876.32
Employee Group Health	6.70	-	6.70	(96.40)	103.10
<b>Public Safety</b>					
Police:					
Salaries and Wages	74,081.55	2,461.00	168,677.55	20,353.86	148,323.69
Other Expenses	3,398.29	65,331.79	68,730.08	65,103.40	3,626.68
Crossing Guards:					
Salaries and Wages	13,498.05	-	13,498.05	-	13,498.05
Other Expenses	1,645.00	245.00	1,890.00	200.00	1,690.00
Office of Emergency Management:					
Salaries and Wages	148.40	-	148.40	-	148.40
Other Expenses	257.50	-	257.50	-	257.50
Search and Recovery Team:					
Other Expenses	208.50	-	208.50	-	208.50
Aid to Volunteer Fire Companies:					
Other Expenses	9,354.00	-	9,354.00	-	9,354.00
Aid to Volunteer Ambulance Companies:					
Other Expenses	6,750.00	-	6,750.00	-	6,750.00
Maintenance and Repair of Emergency Equipment:					
Other Expenses	3,000.00	-	3,000.00	-	3,000.00

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Balance Dec. 31, 2014</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Fire:					
Forked River Fire Company:					
Other Expenses	-	7,745.50	7,745.50	5,408.81	2,336.69
Lanoka Harbor Fire Company:					
Other Expenses	1,583.45	4,181.76	5,765.21	4,117.36	1,647.85
Bamber Lake Fire Company:					
Other Expenses	4,703.26	5,770.00	10,473.26	5,770.00	4,703.26
Municipal Court:					
Salaries and Wages	12,208.19	-	12,208.19	-	12,208.19
Other Expenses	1,054.34	-	1,054.34	587.61	466.73
<b>Public Works</b>					
Streets and Road Maintenance:					
Salaries and Wages	13,764.10	-	75,864.10	-	75,864.10
Other Expenses	4,894.40	37,060.50	41,954.90	36,316.94	5,637.96
Solid Waste Collection:					
Salaries and Wages	22,591.94	-	22,591.94	-	22,591.94
Other Expenses	222,909.25	9,589.74	202,498.99	174,759.37	27,739.62
Buildings and Grounds:					
Salaries and Wages	1,429.61	-	19,429.61	-	19,429.61
Other Expenses	703.81	6,314.36	7,018.17	2,529.08	4,489.09
Maintenance and Upgrade of Facilities:					
Other Expenses	4,074.65	5,011.96	9,086.61	3,632.09	5,454.52
Sanitary Landfill Testing:					
Other Expenses	400.00	-	400.00	-	400.00
Vehicle Maintenance (Including Police):					
Other Expenses	12,773.48	29,595.59	42,369.07	25,214.29	17,154.78
<b>Health and Welfare</b>					
Public Health Services (Board of Health):					
Other Expenses	3,463.09	9,650.00	13,113.09	10,478.32	2,634.77
Animal Control Services:					
Other Expenses	3,569.58	-	3,569.58	3,569.58	-
Welfare/Administration of Public Assistance:					
Other Expenses	2,000.00	-	2,000.00	-	2,000.00

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Balance Dec. 31, 2014</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Senior Outreach:					
Other Expenses	5,000.00	-	5,000.00	-	5,000.00
<b><u>Parks and Recreation</u></b>					
Recreation Services and Programs:					
Salaries and Wages	152.32	-	3,752.32	-	3,752.32
Other Expenses	29.48	174.60	204.08	23.48	180.60
Maintenance of Parks:					
Other Expenses	2,558.68	5,547.26	8,105.94	4,391.34	3,714.60
Maintenance of Docks:					
Other Expenses	353.75	-	353.75	-	353.75
<b><u>Unclassified</u></b>					
Accumulated Leave Compensation:					
Salaries and Wages	1,377.63	-	1,377.63	-	1,377.63
W LTS Channel 21:					
Other Expenses	15,000.00	-	15,000.00	15,000.00	-
<b><u>Utility Expenses and Bulk Purchases</u></b>					
Electricity	74,963.59	-	74,963.59	10,921.65	64,041.94
Street Lighting	74,162.67	-	9,162.67	7,914.58	1,248.09
Telephone	12,662.69	1,949.73	14,612.42	4,296.43	10,315.99
Gas (Natural or Propane)	11,186.47	-	11,186.47	3,511.67	7,674.80
Fuel Oil	-	-	-	-	-
Telecommunications Costs	1,000.00	-	1,000.00	-	1,000.00
Gasoline	46,446.85	23,139.73	69,586.58	16,637.98	52,948.60
Landfill/Solid Waste Disposal Costs	86,613.52	-	86,613.52	18,950.55	67,662.97
<b><u>State Uniform Construction Code</u></b>					
Construction Official:					
Salaries and Wages	51,007.94	-	51,007.94	-	51,007.94
Other Expenses	11,913.04	688.98	12,602.02	714.00	11,888.02
Total Operations within Caps	<u>1,060,222.91</u>	<u>246,134.19</u>	<u>1,306,357.10</u>	<u>472,241.67</u>	<u>834,115.43</u>

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Balance Dec. 31, 2014</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<b><u>Statutory Expenditures</u></b>					
Contribution to:					
Public Employees' Retirement System	3,765.00	-	3,765.00	-	3,765.00
Social Security System (O.A.S.I.)	2,905.84	-	2,905.84	-	2,905.84
Unemployment Insurance	14,570.16	-	14,570.16	-	14,570.16
Total Statutory Expenditures within Caps	<u>21,241.00</u>	<u>-</u>	<u>21,241.00</u>	<u>-</u>	<u>21,241.00</u>
Total Appropriations within Caps	<u>1,081,463.91</u>	<u>246,134.19</u>	<u>1,327,598.10</u>	<u>472,241.67</u>	<u>855,356.43</u>
<b><u>APPROPRIATIONS EXCLUDED FROM CAPS</u></b>					
<b><u>All Functions</u></b>					
Length of Service Awards Program	6,700.00	-	6,700.00	-	6,700.00
NJ DEP Stormwater Permit:					
Streets and Roads Maintenance:					
Other Expenses	6,041.99	3,102.35	9,144.34	3,222.64	5,921.70
NJ Recycling Enhancement Act:					
Landfill/Solid Waste Disposal Costs:					
Other Expenses	20,062.00	-	20,062.00	-	20,062.00
Public and Private Programs Offset by Revenues:					
Matching Funds for Grants	6,271.25	-	6,271.25	-	6,271.25
Total Operations excluded from Caps	<u>39,075.24</u>	<u>3,102.35</u>	<u>42,177.59</u>	<u>3,222.64</u>	<u>38,954.95</u>
Total General Appropriations	<u>\$ 1,120,539.15</u>	<u>\$ 249,236.54</u>	<u>\$ 1,369,775.69</u>	<u>\$ 475,464.31</u>	<u>\$ 894,311.38</u>

**Ref.**

A-1

Disbursements

\$ 475,464.31

\$ 475,464.31

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-11**

Balance December 31, 2014		\$ 72,281.38
Increased by:		
County Tax	\$ 13,277,590.00	
County Library Tax	1,437,647.77	
County Health Tax	517,379.41	
County Open Space Tax	454,545.29	
Added and Omitted Taxes	84,124.75	
		15,771,287.22
		15,843,568.60
Decreased by:		
Payments		15,759,443.85
Balance December 31, 2015		\$ 84,124.75

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-12**

Balance December 31, 2014:		
School Tax Payable	\$ 1,576,167.00	
School Tax Deferred	<u>22,397,054.00</u>	
		\$ 23,973,221.00
Increased by:		
Levy - School Year July 1, 2015 to June 30, 2016		<u>46,110,638.00</u>
		70,083,859.00
Decreased by:		
Payments		<u>46,891,023.00</u>
Balance December 31, 2015:		
School Tax Payable	295,782.00	
School Tax Deferred	<u>22,897,054.00</u>	
		<u>\$ 23,192,836.00</u>
2015 Liability for Local District School Tax:		
Tax Paid		\$ 46,891,023.00
Tax Payable December 31, 2015		<u>295,782.00</u>
		47,186,805.00
Less: Tax Payable December 31, 2014		<u>1,576,167.00</u>
Amount Charged to 2015 Operations		<u>\$ 45,610,638.00</u>

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-13**

	<b>Total (Memo Only)</b>	<b>Assessment Trust Fund</b>	<b>Trust Other Fund</b>
Balance December 31, 2014 - Due From/(Due To)	<u>\$ (16,545.78)</u>	<u>\$ (14,851.50)</u>	<u>\$ (1,694.28)</u>
Increased by:			
Cancelled	14,851.50	14,851.50	-
Statutory Excess Due to Current Fund	1,694.28	-	1,694.28
Total Increases	<u>16,545.78</u>	<u>14,851.50</u>	<u>1,694.28</u>
Balance December 31, 2015 - Due From/(Due To)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF INTERFUND  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT A-14**

Balance December 31, 2014 - Due To		\$ 127,650.95
Increased by:		
Receipts:		
Revenues Received by Current	\$ 162,462.52	
Unappropriated Reserves Received in Current Fund	65,561.79	
Transferred from Budget Appropriations	<u>272,057.61</u>	
		<u>500,081.92</u>
		627,732.87
Decreased by:		
Disbursements:		
Grant Expenditures	262,355.06	
Anticipated Budget Revenue	<u>261,398.96</u>	
		<u>523,754.02</u>
Balance December 31, 2015 - Due To		<u><u>\$ 103,978.85</u></u>

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Grant</u>	2015		<u>Realized</u>	<u>Balance Dec. 31, 2015</u>
		<u>Balance Dec. 31, 2014</u>	<u>Budget Revenue</u>		
<u>Federal Awards</u>					
Bulletproof Vest Program - 2014		\$ 10,310.23	\$ -	\$ 9,034.02	\$ 1,276.21
Bulletproof Vest Program - 2015		-	6,379.88	-	6,379.88
Post Sandy Planning Assistance Grant		102.87	-	-	102.87
<u>State Awards</u>					
Alcohol Education & Rehabilitation		-	4,714.65	4,714.65	-
Body Armor Fund		-	3,789.70	3,789.70	-
Clean Communities Program		-	75,119.90	75,119.90	-
Community Wildfire Protection Plan		-	5,000.00	5,000.00	-
Drunk Driving Enforcement Fund		-	13,166.12	13,166.12	-
Emergency Management - 966 Grant - 2015		-	30,336.30	28,678.95	1,657.35
Emergency Management - 966 Grant - 2014		772.26	-	-	772.26
Emergency Management - 966 Grant - 2013		551.00	-	-	551.00
Emergency Management Performance - 2014		2,308.37	-	-	2,308.37
Municipal Alliance Program - 2015		-	32,665.00	-	32,665.00
Municipal Alliance Program - 2014		35,073.99	-	34,915.00	158.99
Recreation for Handicapped - 2015		-	9,650.00	-	9,650.00
Recreation for Handicapped - 2014		2,617.50	-	-	2,617.50
Recycling Tonnage Grant		-	75,577.41	75,577.41	-
<u>County/Other Awards</u>					
Ocean County Recycling Mini Grant - 2011		12,276.00	-	-	12,276.00
Exelon OEM Donation		-	5,000.00	5,000.00	-
		<u>\$ 64,012.22</u>	<u>\$ 261,398.96</u>	<u>\$ 254,995.75</u>	<u>\$ 70,415.43</u>
	<u>Ref.</u>	A	A-2,14		A
Interfund - Current Fund				\$ 162,462.52	
Unappropriated Reserves				92,533.23	
				<u>\$ 254,995.75</u>	

**TOWNSHIP OF LACEY  
CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Grant</u>	<u>Balance</u>	<u>Transfer from</u>	<u>Reserve for</u>	<u>Balance</u>
	<u>Dec. 31, 2014</u>	<u>2015 Budget</u> <u>Appropriation</u>	<u>Encumbrances</u>	
<u>Federal Awards</u>				
Bulletproof Vest Program - 2015	\$ -	\$ 6,379.88	-	\$ 5,982.09
Bulletproof Vest Program - 2014	1,276.21	-	-	-
Post Sandy Planning Assistance Grant	102.87	-	-	102.87
<u>State Awards</u>				
Alcohol Education and Rehabilitation Fund - 2015	-	4,714.65	-	3,256.71
Alcohol Education and Rehabilitation Fund - 2014	4,111.93	-	-	-
Body Armor Fund - 2015	-	3,789.70	-	2,678.17
Body Armor Fund - 2014	562.47	-	-	-
Clean Communities Program - 2015	-	75,119.90	-	82.20
Clean Communities Program - 2014	415.77	-	4,488.47	-
Clean Communities Program - 2013	166.55	-	-	166.55
Community Wildfire Protection Plan	-	5,000.00	-	5,000.00
Drunk Driving Enforcement - 2015	-	13,166.12	-	12,039.62
Drunk Driving Enforcement - 2014	11,393.37	-	-	-
Drunk Driving Enforcement - 2013	7,587.98	-	-	74.44
Emergency Management - 966 Grant - 2015	-	30,336.30	-	1,601.60
Emergency Management - 966 Grant - 2014	772.26	-	-	772.26
Emergency Management Performance - 2013	6,197.80	-	-	6,197.80
Emergency Management - 966 Grant - 2012	4,423.14	-	-	4,423.14
Municipal Alliance Program - 2015	-	41,393.65	-	20,285.75
Municipal Alliance Program - 2014	21,046.57	-	1,000.00	-
Municipal Alliance Program - 2013	221.45	-	-	221.45
Recreation for Handicapped - 2015	-	11,580.00	-	10,146.73
Recreation for Handicapped - 2013	2,623.00	-	-	2,623.00
Recycling Tonnage Grant - 2015	-	75,577.41	-	2,103.55
Recycling Tonnage Grant - 2014	278.26	-	26,230.29	1,581.02
Special Legislative Grant - 2012	1,731.55	-	-	1,731.55
<u>County/Other Awards</u>				
Ocean County Tourism Grant - 2012	4,500.00	-	-	4,500.00
Excelon OEM Donation	-	5,000.00	-	5,000.00
	<u>\$ 67,411.18</u>	<u>\$ 272,057.61</u>	<u>\$ 31,718.76</u>	<u>\$ 90,570.50</u>
<u>Disbursed:</u>				
Interfund - Current Fund				\$ 262,355.06
Reserve for Encumbrances				18,261.99
				<u>\$ 280,617.05</u>

TOWNSHIP OF LACEY  
 CURRENT FUND  
 SCHEDULE OF UNAPPROPRIATED RESERVES  
 GRANT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Grant</u>	<u>Balance</u>	<u>Receipts</u>	<u>Utilized in</u>	<u>Balance</u>
<u>Federal Awards</u>	<u>Dec. 31, 2014</u>	<u>2015 Budget</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2015</u>
Body Armor Fund	\$ 3,789.70	\$ 4,036.15	\$ 3,789.70	\$ 4,036.15
<u>State Awards</u>				
Drunk Driving Enforcement Fund	13,166.12	11,871.78	13,166.12	11,871.78
Recycling Tonnage Grant	75,577.41	49,653.86	75,577.41	49,653.86
	<u>\$ 92,533.23</u>	<u>\$ 65,561.79</u>	<u>\$ 92,533.23</u>	<u>\$ 65,561.79</u>

**TRUST FUND**

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**EXHIBIT B-2**

**TOWNSHIP OF LACEY  
TRUST FUND**

**SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2014	\$ 31,735.04	\$ 1,646,413.55
Increased by Receipts:		
Animal Control Fees	\$ 22,765.60	-
State Dog License Fees	3,071.40	-
Interfunds	-	1,694.28
Miscellaneous Reserves	-	5,446,093.75
	<u>25,837.00</u>	<u>5,447,788.03</u>
	57,572.04	7,094,201.58
Decreased by Disbursements:		
Expenditures Under R.S. 4:19-15-11	3,839.61	-
Payments to State of New Jersey	3,199.80	-
Statutory Excess Due to Current Fund	3,658.03	-
Miscellaneous Reserves	-	5,138,057.00
	<u>10,697.44</u>	<u>5,138,057.00</u>
Balance December 31, 2015	<u>\$ 46,874.60</u>	<u>\$ 1,956,144.58</u>

**TOWNSHIP OF LACEY  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT B-3**

	<u>Balance Dec. 31, 2014</u>	<u>Interfund Cancelled</u>	<u>Balance Dec. 31, 2015</u>
Interfunds:			
Current Fund	\$ (14,851.50)	\$ 14,851.50	\$ -
Other Trust Fund			
Fund Balance	<u>14,851.50</u>	<u>(14,851.50)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	D	D-5	D

**TOWNSHIP OF LACEY**  
**ANIMAL CONTROL TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT B-4**

Balance December 31, 2014		\$ 31,590.44
Increased by:		
Fees Collected in 2015	\$ 21,945.60	
Late Fees	820.00	
		22,765.60
		54,356.04
Decreased by:		
Expenditures Under R.S. 4:19-15.11	3,839.61	
Statutory Excess Due to Current Fund	3,658.03	
Expenditures Under R.S. 4:19-15.11		7,497.64
Balance December 31, 2015		\$ 46,858.40

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2013	\$ 21,326.80
2014	25,531.60
	\$ 46,858.40

**ANIMAL CONTROL TRUST FUND**  
**SCHEDULE OF DUE TO STATE OF NEW JERSEY**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT B-5**

Balance December 31, 2014		\$ 144.60
Increased by:		
Fees Collected		3,071.40
		3,216.00
Decreased by:		
Payments to State of New Jersey:		
Disbursements		3,199.80
Balance December 31, 2015		\$ 16.20

**TOWNSHIP OF LACEY  
OTHER TRUST FUND  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Reserve for</u>	<u>Balance Dec. 31, 2014</u>	<u>Increased by Receipts</u>	<u>Decreased by Disbursed</u>	<u>Balance Dec. 31, 2015</u>
<b>Developer's Escrows:</b>				
Affordable Housing Fees	\$ 140,162.64	\$ 61,780.91	\$ 53,729.37	\$ 148,214.18
C.O. Inspections	59,583.00	59,649.25	35,722.00	83,510.25
Cash Performance Bonds	162,431.44	7,718.00	38,215.40	131,934.04
Inspection Fees	215,221.84	71,002.93	82,278.35	203,946.42
Land Development Fees	165,006.11	99,437.45	98,537.75	165,905.81
Traffic Light at Haines and Barnegat Drive	27,630.16	-	3,900.00	23,730.16
Unimproved Street Inspection Fees	9,869.71	-	76.00	9,793.71
	<u>779,904.90</u>	<u>299,588.54</u>	<u>312,458.87</u>	<u>767,034.57</u>
<b>Various Reserves:</b>				
Law Enforcement Forfeiture	33,386.22	19,318.34	460.00	52,244.56
Municipal Alliance Program	12,703.84	26,079.75	28,358.34	10,425.25
Parking Offenses Adjudication Act	345.00	20.00	-	365.00
Police Outside Employment	75,510.83	85,938.45	73,570.55	87,878.73
Premium on Tax Sale	256,300.00	1,317,600.00	1,008,700.00	565,200.00
Public Defender	12,407.50	17,229.50	8,700.00	20,937.00
Recreation Programs	9,297.43	45,986.43	39,838.49	15,445.37
Self Insurance Fund	10,722.54	178,805.58	185,389.74	4,138.38
Snow Removal	280,056.88	20,000.00	47,509.74	252,547.14
Third Party Liens	155,942.49	1,255,781.41	1,294,060.00	117,663.90
Electronic Tax Sale	3,000.00	2,132,745.75	2,130,745.75	5,000.00
Bicentennial Park Donations	-	12,000.00	-	12,000.00
Accumulated Absences	-	25,000.00	-	25,000.00
	<u>849,672.73</u>	<u>5,136,505.21</u>	<u>4,817,332.61</u>	<u>1,168,845.33</u>
Unemployment Compensation Insurance	18,530.20	10,000.00	8,265.52	20,264.68
	<u>\$ 1,648,107.83</u>	<u>\$ 5,446,093.75</u>	<u>\$ 5,138,057.00</u>	<u>\$ 1,956,144.58</u>
Reference	B	B-2	B-2	B

**TOWNSHIP OF LACEY** **EXHIBIT B-7**  
**OTHER TRUST FUND**  
**SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$ 1,561,061.79
Increased by:		
Township Contributions to Trustee	\$ 163,300.00	
Earnings on Contributions	<u>64.72</u>	
		<u>163,364.72</u>
		1,724,426.51
Decreased by:		
Distributions	125,805.03	
Plan Administration Charges	<u>6,985.23</u>	
		<u>132,790.26</u>
Balance December 31, 2015		<u><u>\$ 1,591,636.25</u></u>

**TOWNSHIP OF LACEY  
OTHER TRUST FUND  
SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT B-8**

	Total (Memo Only)	Current Fund
Balance December 31, 2014 - Due From/(To)	\$ 1,694.28	\$ 1,694.28
Decreased by:		
Receipts	1,694.28	1,694.28
Balance December 31, 2015 - Due From/(To)	\$ -	\$ -

**GENERAL CAPITAL FUND**

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**TOWNSHIP OF LACEY  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT C-2**

	<b>Reference</b>	
Balance December 31, 2014	C	\$ 408,101.85
Increased by Receipts:		
Premium on Sale of Notes	C-1	\$ 31,360.00
Interest Earned	C-8	137.41
Capital Improvement Fund	C-7	90,000.00
Bond Anticipation Notes	C-12	1,282,500.00
Grants Receivable	C-6	198,000.00
Reserve for Debt Service	C-13	<u>75,000.00</u>
		<u>1,676,997.41</u>
		<u>2,085,099.26</u>
Decreased by Disbursements:		
Improvement Authorizations	C-9	1,712,796.41
Reserve for Debt Service	C-13	30,000.00
Interfunds Liquidated:		
Current Fund	C-8	<u>137.41</u>
		<u>1,742,933.82</u>
Balance December 31, 2015	C	<u><u>\$ 342,165.44</u></u>

TOWNSHIP OF LACEY  
 GENERAL CAPITAL FUND  
 ANALYSIS OF CAPITAL CASH  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Ordinance Number	Improvement Description	Receipts					Disbursements		Transfers		Balance Dec. 31, 2015
		Balance Dec. 31, 2014	Bond Anticipation Notes	Receipts			Improvement Authorizations	Miscellaneous	From	To	
				Miscellaneous	Miscellaneous	Miscellaneous					
Fund Balance		\$ 28,952.00	\$ -	\$ 31,360.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,312.00	
Capital Improvement Fund		56,384.25	-	90,000.00	-	-	-	95,500.00	-	50,884.25	
Interfund - Current Fund		-	-	137.41	-	-	137.41	-	-	-	
Reserve to Pay Debt Service		46,000.00	-	75,000.00	-	-	30,000.00	-	-	91,000.00	
Reserve for Encumbrances		605,294.14	-	-	-	-	-	605,294.14	429,518.11	429,518.11	
Improvement Authorizations:											
2006-19	General Improvements:	1,250.78	-	-	225.00	-	-	-	225.00	1,250.78	
2006-55 & 2014-21	Purchase Equipment and Vehicles, Building Improvements	208,638.72	-	-	59,234.65	-	-	8,558.06	10,000.00	150,846.01	
2007-28	Design and Construction of Connector Road	1,971.34	-	-	-	-	-	102.50	102.50	1,971.34	
2008-21	Road and Drainage Improvements and Dredging	-	-	-	-	-	-	270.00	270.00	-	
2008-23	Deerhead Lake Dam Improvements	85,338.37	-	-	2,500.00	-	-	-	1,500.00	84,338.37	
2008-24	Acquisition of Real Property	70,700.00	-	-	-	-	-	-	-	70,700.00	
2008-26	Conifer Drive Improvements	(17,868.63)	-	-	-	-	-	4,448.75	4,448.75	(17,868.63)	
2008-27	Various Improvements	21,977.00	-	-	-	-	-	-	-	21,977.00	
2009-16	Purchase of Fire Truck and Ambulance	(8,000.00)	-	-	-	-	-	-	-	(8,000.00)	
2009-28	Wordens Oyster Pond	68,178.63	-	-	13,620.32	-	-	-	-	54,558.31	
2011-16	Conifer Drive Phase III	17,647.65	-	-	-	-	-	-	-	17,647.65	
2012-20	Lake Barnegat Drive North Road Improvements	16,864.16	-	-	80,164.07	-	-	-	60,000.66	(3,299.25)	
2012-26	Various Improvements	-	-	-	-	-	-	-	-	90,255.89	
2013-16 & 2013-29	Demolition of Nursing Home Site and Subdivision of Properties	475,186.66	-	-	262,113.16	-	-	109,699.11	438,491.34	541,865.73	
2014-14	Various Improvements	(1,236,441.29)	1,282,500.00	33,000.00	425,815.90	-	-	46,028.94	95,500.00	(297,286.13)	
2015-06	Various Improvements	-	-	165,000.00	869,123.31	-	-	260,410.75	-	(964,534.06)	
2007-09 & 2008-22	Local Improvements:	(18,669.94)	-	-	-	-	-	-	-	(18,669.94)	
	Sidewalk and Curbing on Lacey Road	\$ 408,101.85	\$ 1,282,500.00	\$ 394,497.41	\$ 1,712,796.41	\$ 30,137.41	\$ 1,130,312.25	\$ 1,130,312.25	\$ 1,130,312.25	\$ 342,165.44	

Reference C C-2 C-2 C-2 C-9 C

**TOWNSHIP OF LACEY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT C-4**

Balance December 31, 2014		\$ 4,331,749.54
Decreased by:		
2015 Budget Appropriation to Pay:		
Serial Bonds	\$ 825,000.00	
DEP Loan Payable	<u>47,483.74</u>	
		<u>872,483.74</u>
Balance December 31, 2015		<u><u>\$ 3,459,265.80</u></u>

**TOWNSHIP OF LACEY  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Paid by Budget Appropriation	Grant Proceeds on Hand	Balance Dec. 31, 2015	Analysis of Balance December 31, 2015			
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations	
<b>General Improvements:</b>										
2006-55,	Design and Construction of Connector Road	\$ 4,039,000.00	\$ -	\$ 392,000.00	\$ -	\$ 3,647,000.00	\$ 168,000.00	\$ -	\$ 3,479,000.00	
2014-21	EMS Equipment and Court Security Upgrade	10,000.00	-	5,000.00	-	5,000.00	5,000.00	-	-	
2007-15	Telephone System Upgrade	5,000.00	-	5,000.00	-	-	-	-	-	
2007-20	Road and Drainage Improvements and Dredging	490,000.00	-	90,000.00	-	400,000.00	400,000.00	-	-	
2007-28	Bayside Beach Dredging	220,000.00	-	31,000.00	-	189,000.00	189,000.00	-	-	
2008-10										
2008-17,	Various Improvements	240,000.00	-	12,000.00	-	228,000.00	228,000.00	-	-	
2008-20	Deerhead Lake Dam Improvements	410,000.00	-	55,000.00	-	355,000.00	355,000.00	-	-	
2008-21	Acquisition of Real Property	1,100,000.00	-	25,000.00	-	1,075,000.00	1,075,000.00	-	-	
2008-23	Conifer Drive Improvements	254,300.00	-	16,500.00	-	237,800.00	198,500.00	17,868.63	21,431.37	
2008-24	Various Improvements	173,750.00	-	11,500.00	-	162,250.00	98,500.00	15,301.99	48,448.01	
2008-26	Purchase of Fire Truck and Ambulance	685,000.00	-	52,000.00	-	633,000.00	633,000.00	-	-	
2008-27	Wordens Oyster Pond	108,000.00	-	6,000.00	-	102,000.00	94,000.00	-	-	
2009-16	Conifer Drive Phase III	206,023.00	-	15,000.00	-	191,023.00	190,000.00	8,000.00	1,023.00	
2009-28	Lake Barnegat Drive North Road Improvements	98,000.00	-	6,500.00	-	91,500.00	91,500.00	-	-	
2011-16	Lake Barnegat Drive North Road Improvements,									
2011-20	Alternate 2	84,000.00	-	6,000.00	-	78,000.00	78,000.00	-	-	
2011-21	Purchase of an Ambulance	75,000.00	-	12,000.00	-	63,000.00	63,000.00	-	-	
2012-12	Various Improvements	1,218,000.00	-	42,000.00	-	1,176,000.00	1,176,000.00	-	-	
2013-16,										
2013-29	Various Improvements	1,675,000.00	-	-	-	1,675,000.00	1,675,000.00	-	-	
2014-14	Various Improvements	1,320,500.00	-	-	3,000.00	1,317,500.00	1,282,500.00	-	35,000.00	
2015-06	Various Improvements	-	1,975,303.25	-	-	1,975,303.25	-	-	1,975,303.25	
<b>Local Improvements:</b>										
2007-09,										
2008-22	Sidewalk and Curbing on Lacey Road	95,000.00	-	-	-	95,000.00	-	18,669.94	76,330.06	
<b>Improvement Authorizations Unfunded</b>							<b>\$ 12,506,573.00</b>	<b>\$ 8,000,000.00</b>	<b>\$ 59,840.56</b>	<b>\$ 5,636,535.69</b>
<b>Less: Unfunded Proceeds of Bond Anticipation Notes:</b>										<b>\$ 6,588,628.80</b>
<b>Ordinance Number</b>										
2006-55	Design and Construction of Connector Road							\$ 402,364.20		
2007-28	Road and Drainage Improvements and Dredging							1,971.34		
2008-21	Deerhead Lake Dam Improvements							84,338.37		
2008-23	Acquisition of Real Property							70,700.00		
2008-27	Purchase of Fire Truck and Ambulance							21,977.00		
2009-28	Conifer Drive Phase III							54,558.31		
2011-16	Lake Barnegat Drive North Road Improvements							17,647.65		
2012-20	Various Improvements							59,200.75		
2013-29	Various Improvements							193,630.28		
2014-14	Various Improvements							45,705.21	952,093.11	
<b>Improvement Description</b>										<b>\$ 5,636,535.69</b>

EXHIBIT C-6

TOWNSHIP OF LACEY  
 GENERAL CAPITAL FUND  
 SCHEDULE OF GRANTS RECEIVABLE  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Ordinance Number	Grant	Balance Dec. 31, 2014	Grant Awards	Received	Balance Dec. 31, 2015
	Department of Transportation:				
2012-20	Lakeside Drive	\$ 62,500.00	\$ -	\$ -	\$ 62,500.00
2014-21	Connector Lacey Road - South St.	1,060,000.00	-	-	1,060,000.00
2015-06	Cedar Drive	-	220,000.00	165,000.00	55,000.00
	Community Development Block Grant:				
2014-14	Cedar Drive	30,000.00	3,000.00	33,000.00	-
2015-06	Forked River Beach - Bay Front Park	-	1,239,196.75	-	1,239,196.75
		<u>\$ 1,152,500.00</u>	<u>\$ 1,462,196.75</u>	<u>\$ 198,000.00</u>	<u>\$ 2,416,696.75</u>
	Reference	C	C-9	C-2	C

**TOWNSHIP OF LACEY  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT C-7**

Balance December 31, 2014	\$ 56,384.25
Increased by:	
Budget Appropriation	90,000.00
	146,384.25
Decreased by:	
Appropriations to Finance Improvement Authorizations	95,500.00
	\$ 50,884.25
Balance December 31, 2015	\$ 50,884.25

**GENERAL CAPITAL FUND  
SCHEDULE OF INTERFUND - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT C-8**

Balance December 31, 2014 - Due To	\$ -
Increased by:	
Disbursements:	
Interfund Liquidation	137.41
	137.41
Decreased by:	
Receipts:	
Interest on Deposits	137.41
	137.41
Balance December 31, 2015 - Due to	\$ -

TOWNSHIP OF LACEY  
 GENERAL CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2014		2015 Authorizations		Deferred Charges to Future Taxation Unfunded	Prior Year Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2015	
				Funded	Unfunded	Funded	Unfunded				Funded	Unfunded
General Improvements:												
2006-19	Purchase Equipment and Vehicles, Building Improvements	05/14/06	\$ 82,000.00	\$ 1,250.78	\$ -	\$ -	\$ -	\$ 225.00	\$ 225.00	\$ 225.00	\$ 1,250.78	\$ -
2006-55,		12/28/06										
2014-21	Design and Construction of Connector Road	11/25/14	3,000,000.00	866,274.52	3,881,364.20	-	-	10,000.00	10,000.00	67,792.71	1,042,846.01	3,647,000.00
2007-28	Road and Drainage Improvements and Dredging	08/23/07	1,106,500.00	-	1,971.34	-	-	102.50	102.50	270.00	-	1,971.34
2008-10	Bayside Beach Dredging	05/08/08	290,000.00	-	-	-	-	270.00	270.00	2,500.00	-	-
2008-21	Deerhead Lake Dam Improvements	07/10/08	1,640,000.00	-	85,338.37	-	-	1,500.00	1,500.00	-	-	84,338.37
2008-23	Acquisition of Real Property	09/25/08	2,000,000.00	-	70,700.00	-	-	-	-	-	-	70,700.00
2008-24	Conifer Drive Improvements	09/25/08	330,000.00	-	21,431.37	-	-	4,448.75	4,448.75	-	-	21,431.37
2008-26	Various Improvements	09/25/08	225,000.00	-	48,448.01	-	-	-	-	-	-	48,448.01
2008-27	Purchase of Fire Truck and Ambulance	09/25/08	953,000.00	-	21,977.00	-	-	-	-	-	-	21,977.00
2009-28	Conifer Drive Phase III	12/22/09	520,000.00	-	69,201.63	-	-	-	-	13,620.32	-	55,581.31
2011-16	Lake Barnegat Drive North Road Improvements	08/11/11	390,000.00	-	17,647.65	-	-	-	-	-	-	17,647.65
2011-20	Lake Barnegat Drive North Road Improvements, Alternate 2	10/12/11	105,000.00	-	-	-	-	-	-	-	-	-
2012-20	Various Improvements	08/09/13	1,765,000.00	-	79,364.16	-	-	60,000.66	60,000.66	80,164.07	-	59,200.75
2012-26	Demolition of Nursing Home Site and Subdivision of Properties	10/10/12	240,000.00	-	-	-	-	-	-	-	-	-
2013-16,		07/24/13										
2013-29	Various Improvements	12/12/13	1,992,500.00	-	475,186.66	-	-	90,255.89	90,255.89	371,812.27	-	193,630.28
2014-14	Various Improvements	07/10/14	1,420,000.00	-	114,058.71	-	-	438,491.34	438,491.34	471,844.84	-	80,705.21
2015-06	Various Improvements	05/28/15	3,530,000.00	-	-	1,554,696.75	1,975,303.25	-	-	1,129,534.06	425,162.69	1,975,303.25
Local Improvements:												
2007-09,		04/26/07										
2008-22	Sidewalk and Curbing on Lacey Road	09/25/08	295,000.00	-	76,330.06	-	-	-	-	-	-	76,330.06
				\$ 867,525.30	\$ 4,963,019.16	\$ 1,554,696.75	\$ 1,975,303.25	\$ 605,294.14	\$ 2,142,314.52	\$ 1,469,259.48	\$ 6,354,264.60	
Capital Improvement Fund				Reference	C	C-7	C-5	C	C-3	C	C	
Grants Receivable				C-7		\$ 95,500.00						
				C-6		1,459,196.75						
						\$ 1,554,696.75						
Reserve for Encumbrances				C							\$ 429,518.11	
Disbursements				C-2								1,712,796.41
												\$ 2,142,314.52

**TOWNSHIP OF LACEY  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Outstanding Date	Dec. 31, 2015 Amount					
General Improvements	08/01/06	\$ 9,000,000	8/01/2016	\$ 855,000		4.00%			
			8/01/2017	895,000		4.00%			
			8/01/2018	935,000		4.00%	\$ 3,510,000.00	\$ 825,000.00	\$ 2,685,000.00

**TOWNSHIP OF LACEY  
GENERAL CAPITAL FUND  
SCHEDULE OF DEP LOAN PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Improvement Description	Date of Issue	Original Issue	Maturities of Loan		Interest Rate	Balance Dec. 31, 2014	Paid by		Balance Dec. 31, 2015
			Outstanding Date	Amount Dec. 31, 2015			Budget Appropriation	Balance	
2003 Dam Restoration	11/23/09	\$ 1,024,111	See Amortization Schedule		2.00%	\$ 821,749.54	\$ 47,483.74	\$ 774,265.80	

**SCHEDULE OF DEP LOAN PAYABLE**

Due	Principal	Interest
2016	\$ 48,438.16	\$ 15,244.33
2017	49,411.77	14,270.73
2018	50,404.95	13,276.55
2019	51,418.09	12,264.41
2020	52,451.59	11,230.91
2021	53,505.86	10,176.62
2022	54,581.33	9,101.16
2023	55,678.41	8,004.07
2024	56,797.55	6,884.94
2025	57,938.18	5,743.31
2026	59,103.76	4,578.73
2027	60,291.74	3,390.74
2028	61,503.61	2,178.88
2029	62,740.80	942.66
	<u>\$ 774,265.80</u>	<u>\$ 117,288.04</u>
		<u>\$ 774,267.00</u>
		<u>\$ 117,289.00</u>

EXHIBIT C-12

TOWNSHIP OF LACEY  
 GENERAL CAPITAL FUND  
 SCHEDULE OF BOND ANTICIPATION NOTES  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Ordinance Number	Improvement Descriptor	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2015
2006-55	Design and Construction of Connector Road	07/24/07	N/A	N/A	N/A	\$ 39,000.00	\$ -	\$ 39,000.00	\$ -
2007-15	EMS Equipment and Court Security Upgrades	07/19/13	07/16/15	02/16/16	1.25%	521,000.00	-	353,000.00	168,000.00
2007-20	Telephone System Upgrade	07/22/11	07/16/15	02/16/16	1.25%	10,000.00	-	5,000.00	5,000.00
2007-28	Road and Drainage Improvements and Dredging	07/22/11	N/A	N/A	N/A	5,000.00	-	5,000.00	-
2008-10	Bayside Beach Dredging	07/24/08	07/16/15	02/16/16	1.25%	140,000.00	-	90,000.00	50,000.00
2008-17	Various Improvements	07/22/11	07/16/15	02/16/16	1.25%	350,000.00	-	-	350,000.00
2008-21	Deerhead Lake Dam Improvements	07/24/08	07/16/15	02/16/16	1.25%	193,500.00	-	31,000.00	162,500.00
2008-23	Acquisition of Real Property	07/22/11	07/16/15	02/16/16	1.25%	26,500.00	-	-	26,500.00
2008-24	Conifer Drive Improvements	07/24/08	07/16/15	02/16/16	1.25%	240,000.00	-	12,000.00	228,000.00
2008-26	Various Improvements	11/07/08	07/16/15	02/16/16	1.25%	410,000.00	-	55,000.00	355,000.00
2008-27	Purchase Fire Truck and Ambulance	11/07/08	07/16/15	02/16/16	1.25%	1,100,000.00	-	25,000.00	1,075,000.00
2009-16	Wordens Oyster Pond	11/07/08	07/16/15	02/16/16	1.25%	215,000.00	-	16,500.00	198,500.00
2009-28	Conifer Drive Phase III	11/07/08	07/16/15	02/16/16	1.25%	110,000.00	-	11,500.00	98,500.00
2011-16	Lake Barnegat Drive North Road Improvements	07/23/10	07/16/15	02/16/16	1.25%	685,000.00	-	52,000.00	633,000.00
2011-20	Lake Barnegat Drive North Road Improvements, Alternate 2	07/23/10	07/16/15	02/16/16	1.25%	100,000.00	-	6,000.00	94,000.00
2011-21	Purchase of an Ambulance	07/23/10	07/16/15	02/16/16	1.25%	205,000.00	-	15,000.00	190,000.00
2012-20	Various Improvements	07/19/12	07/16/15	02/16/16	1.25%	98,000.00	-	6,500.00	91,500.00
2013-16,29	Various Improvements	07/19/12	07/16/15	02/16/16	1.25%	84,000.00	-	6,000.00	78,000.00
14-14	Various Improvements	07/19/12	07/16/15	02/16/16	1.25%	75,000.00	-	12,000.00	63,000.00
		07/18/13	07/16/15	02/16/16	1.25%	1,218,000.00	-	42,000.00	1,176,000.00
		07/14/14	07/16/15	02/16/16	1.25%	1,675,000.00	-	-	1,675,000.00
		07/16/15	07/16/15	02/16/16	1.25%	-	1,282,500.00	-	1,282,500.00
						\$ 7,500,000.00	\$ 1,282,500.00	\$ 782,500.00	\$ 8,000,000.00

Ref.

C

C-2

C-2

C

**TOWNSHIP OF LACEY  
GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR DEBT SERVICE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT C-13**

Balance December 31, 2014	\$ 46,000.00
Increased by:	
Receipts	75,000.00
	121,000.00
Decreased by:	
Anticipated in Current Fund as Revenue	30,000.00
	\$ 91,000.00

**GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**EXHIBIT C-14**

Ordinance Number	Improvement Description	Balance Dec. 31, 2015
	General Improvements:	
2006-55		
2014-21	Design and Construction of Connector Road	\$ 3,479,000.00
2008-24	Conifer Drive Improvements	39,300.00
2008-26	Various Improvements	63,750.00
2009-16	Wordens Oyster Pond	8,000.00
2009-28	Conifer Drive Phase III	1,023.00
2013-16,		
2014-14	Various Improvements	35,000.00
2015-06	Various Improvements	1,975,303.25
	Local Improvements:	
2007-09,		
2008-22	Sidewalks and Curbing on Lacey Road	95,000.00
		\$ 5,696,376.25

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**TOWNSHIP OF LACEY  
COUNTY OF OCEAN**

**PART II**

**COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

We have audited the financial statements of the Township of Lacey in the County of Ocean for the year ended December 31, 2015, in accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

**GENERAL COMMENTS**

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

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 for the period of January 1, 2015 to June 30, 2015, and \$40,000 for the period of July 1, 2015 to December 31, 2015, except by contract or agreement.

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

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

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

**Contracts and Agreements Requiring Solicitation of Quotations**

A test was conducted to determine that expenditures greater than \$5,400 for the period of January 1, 2015 to June 30, 2015, and expenditures greater than \$6,000 for the period of July 1, 2015 to December 31, 2015, obtained solicitation of quotes. No exceptions were noted.

## **Collection of Interest on Delinquent Taxes**

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

The governing body on January 1, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

1. That the Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of any amount 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<sup>st</sup> of the tax year, an additional penalty of 6% shall be charged against the delinquency.

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

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

## **Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2015, included 2015, 2014, and 2013 real estate taxes only.

The last tax sale was held on January 5, 2015 electronically and was complete.

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

<b>YEAR</b>	<b>NUMBER OF LIENS</b>
2015	472
2014	473
2013	417

## **Deductions From Taxes**

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

## **Examination of Bills**

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

## **Municipal Court**

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

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

## **Payroll Fund**

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Township employees; also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

## **Prior Year Findings**

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings.

## **OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2015:

<b>NAME</b>	<b>TITLE</b>	<b>AMOUNT OF BOND</b>
Gary Quinn	Mayor	
Steven Kennis	Deputy Mayor	
Peter Curatolo	Committeeman	
Mark Dykoff	Committeeman	
Nicholas Juliano	Committeeman	
Veronica Lauriagh	Township Administrator/ Clerk	1,000,000*
Linda Picaro-Covello	Chief Financial Officer	1,000,000*
Michael Gross	Assistant CFO	1,000,000*
Sharon Sulecki	Tax Collector	1,000,000*
Mark Fitzpatrick	Tax Assessor	1,000,000*
Melba Mitchell	Assistant Tax Collector	1,000,000*
Damian Murray	Municipal Court Judge	1,000,000*
Laurie Farnkopf	Court Administrator	1,000,000*
George R. Gilmore, Esq.	Municipal Attorney	

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

All of the bonds were examined and were properly executed.

**Acknowledgment**

We received the complete cooperation of all the Township Officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, PC**

Rodney R. Haines  
Certified Public Accountant  
Registered Municipal Accountant  
RMA# 498

June 13, 2016  
Toms River, New Jersey