

**BOROUGH OF LAKEHURST**

**COUNTY OF OCEAN**

**REPORT OF AUDIT**

**DECEMBER 31, 2011**

**WILLIAM E. ANTONIDES AND COMPANY**  
**Certified Public Accountants**

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**TABLE OF CONTENTS**

**PART I**

Independent Auditor's Report

**Exhibit**

**CURRENT FUND**

Balance Sheet - Regulatory Basis as at December 31, 2011 and 2010 .....	A
Statement of Operations and Change in Fund Balance - Regulatory Basis .....	A-1
Statement of Revenues - Regulatory Basis .....	A-2
Statement of Expenditures - Regulatory Basis .....	A-3

**TRUST FUND**

Balance Sheet - Regulatory Basis as at December 31, 2011 and 2010 .....	B
---	---

**GENERAL CAPITAL FUND**

Balance Sheet - Regulatory Basis as at December 31, 2011 and 2010 .....	C
Statement of Fund Balance - Regulatory Basis .....	C-1

**WATER-SEWER UTILITY FUND**

Balance Sheet - Regulatory Basis as at December 31, 2011 and 2010 .....	D
Statement of Operations and Change in Fund Balance - Regulatory Basis .....	D-1
Statement of Revenues - Regulatory Basis .....	D-2
Statement of Expenditures - Regulatory Basis .....	D-3

**PAYROLL FUND**

Balance Sheet - Regulatory Basis as at December 31, 2011 and 2010 .....	G
---	---

**GENERAL FIXED ASSETS ACCOUNT GROUP**

Balance Sheet - Regulatory Basis as at December 31, 2011 and 2010 .....	H
---	---

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**TABLE OF CONTENTS**

**Exhibit**

Notes to Financial Statements

**PART II**

Supplementary Data

Officials in Office and Surety Bonds

**CURRENT FUND**

Schedule of Cash - Treasurer.....	A-4
Schedule of Current Cash - Collector.....	A-5
Schedule of Taxes Receivable and Analysis of Property Tax Levy.....	A-6
Schedule of Special Charges Receivable.....	A-7
Schedule of Tax Title Liens.....	A-8
Schedule of Due From/To State of New Jersey per Chapter 20, P.L. 1971.....	A-9
Schedule of Revenue Accounts Receivable.....	A-10
Schedule of Tax Overpayments.....	A-11
Schedule of Appropriation Reserves.....	A-12
Schedule of Encumbrances Payable.....	A-13
Schedule of Accounts Payable.....	A-14
Schedule of County Taxes Payable.....	A-15
Schedule of Local District School Tax Payable.....	A-16
Schedule of Interfunds - Other Funds.....	A-17
Federal and State Grant Fund - Schedule of Interfund - Current Fund.....	A-18
Federal and State Grant Fund - Schedule of Grants Receivable.....	A-19

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**TABLE OF CONTENTS**

**Exhibit**

**CURRENT FUND**

Federal and State Grant Fund - Schedule of Appropriated Reserves .....	A-20
Federal and State Grant Fund - Schedule of Unappropriated Reserves .....	A-21

**TRUST FUNDS**

Schedule of Cash - Treasurer.....	B-1
Schedule of Due to State of New Jersey .....	B-2
Schedule of Reserve for Animal Control Trust Fund Expenditures .....	B-3
Schedule of Interfund - Current Fund - Animal Control Trust Fund .....	B-4
Schedule of Interfund - Current Fund - Other Trust Fund .....	B-5
Schedule of Miscellaneous Reserves .....	B-6
Schedule of Community Development Block Grant Funds Receivable .....	B-7
Schedule of Reserve for Community Development Block Grant Funds .....	B-8

**GENERAL CAPITAL FUND**

Schedule of Cash .....	C-2
Analysis of Cash .....	C-3
Schedule of Deferred Charges to Future Taxation - Funded .....	C-4
Schedule of Deferred Charges to Future Taxation - Unfunded .....	C-5
Schedule of Interfunds .....	C-6
Schedule of Capital Improvement Fund .....	C-7
Schedule of Improvement Authorizations .....	C-8
Schedule of Bond Anticipation Notes.....	C-9

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**TABLE OF CONTENTS**

**Exhibit**

**GENERAL CAPITAL FUND**

Schedule of USDA Loan Payable - Emergency Services .....	C-10
Schedule of USDA Loan Payable - Police Station .....	C-11
Schedule of Bonds and Notes Authorized but not Issued.....	C-12

**WATER-SEWER UTILITY FUND**

Schedule of Water-Sewer Utility Cash - Treasurer.....	D-4
Analysis of Water-Sewer Utility Capital Cash .....	D-5
Schedule of Consumer Accounts Receivable.....	D-6
Schedule of Utility Liens.....	D-7
Schedule of Fixed Capital.....	D-8
Schedule of Fixed Capital Authorized and Uncompleted .....	D-9
Schedule of Appropriation Reserves .....	D-10
Schedule of Interfunds.....	D-11
Schedule of Accrued Interest on Bonds, Notes and Loans.....	D-12
Schedule of Improvement Authorizations .....	D-13
Schedule of Capital Improvement Fund .....	D-14
Schedule of Reserve for Amortization.....	D-15
Schedule of Deferred Reserve for Amortization.....	D-16
Schedule of USDA Loan Payable.....	D-17
Schedule of Farmers' Home Administration Loan Payable .....	D-18
Schedule of Bond Anticipation Notes.....	D-19
Schedule of Bonds and Notes Authorized but not Issued.....	D-20

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**TABLE OF CONTENTS**

**PART III**

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

Schedule of Finding and Response

**PART IV**

General Comments

Follow-up of Prior Year Findings

Findings/Recommendations

Acknowledgement

**BOROUGH OF LAKEHURST**

**COUNTY OF OCEAN**

**PART I**

**AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Lakehurst  
County of Ocean  
Lakehurst, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Borough of Lakehurst (the "Borough"), as of December 31, 2011 and 2010, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the Borough's management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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



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

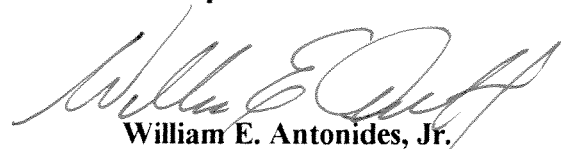
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Borough, as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2012, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*William E. Antonides and Company*

**Independent Auditors**



**William E. Antonides, Jr.**

**Certified Public Accountant  
Registered Municipal Accountant**

**R.M.A. Number 417**

August 8, 2012

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**BALANCE SHEET - CURRENT FUND**

**Exhibit A**

**REGULATORY BASIS**

**Sheet 1 of 2**

**DECEMBER 31, 2011 AND 2010**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>			
Cash - Treasurer	A-4	\$ 1,568,931.53	\$ 1,196,172.85
Cash - Change Fund		420.00	420.00
		<u>1,569,351.53</u>	<u>1,196,592.85</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	81,658.34	94,514.93
Special Charges Receivable	A-7		987.86
Tax Title Liens Receivable	A-8	30,150.76	32,795.91
Property Acquired for Taxes		50,000.00	50,000.00
Revenue Accounts Receivable	A-10	8,738.83	8,444.59
Interfunds:			
General Capital Fund	A-17		178.22
Other Trust Fund	A-17		4,830.90
Animal Control Trust Fund	A-17	4.51	
Payroll Fund	A-17	11,144.86	9,159.30
Water-Sewer Utility Operating Fund	A-17	9,264.44	10,200.00
Grant Fund	A-18		101,215.94
		<u>190,961.74</u>	<u>312,327.65</u>
		<u>1,760,313.27</u>	<u>1,508,920.50</u>
Federal and State Grant Fund:			
Grants Receivable	A-19	361,300.96	282,722.52
Interfunds:			
Current Fund	A-18	6,609.85	
General Capital Fund		15,913.48	15,913.48
		<u>383,824.29</u>	<u>298,636.00</u>
		<u>\$ 2,144,137.56</u>	<u>\$ 1,807,556.50</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**BALANCE SHEET - CURRENT FUND**

**Exhibit A**

**REGULATORY BASIS**

**Sheet 2 of 2**

**DECEMBER 31, 2011 AND 2010**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Liabilities:			
Appropriation Reserves	A-3,12	\$ 261,181.25	\$ 233,492.85
Due To State of NJ (Ch. 20, P.L. 1971)	A-9	3,441.38	1,691.38
Due State - Marriage License Fees	A-4	75.00	200.00
Prepaid Taxes	A-5,6	44,409.55	22,473.25
Tax Overpayments	A-11	16,798.22	6,422.80
Reserve for:			
Master Plan Update		594.66	594.66
Revision and Codification of Ordinances		14,985.00	14,985.00
Land Sale Deposits		8,500.00	8,500.00
Revaluation		24,705.67	24,705.67
Encumbrances	A-13	23,819.02	29,045.17
Accounts Payable	A-14	668.75	
County Taxes Payable	A-15	2,754.87	119.75
Local District School Tax Payable	A-16	207,524.50	208,124.50
Interfunds:			
Grant Fund	A-18	6,609.85	
Other Trust Fund	A-17	18,747.01	
General Capital Fund	A-17	54,768.42	
		<u>689,583.15</u>	<u>550,355.03</u>
Reserve for Receivables and Other Assets		190,961.74	312,327.65
Fund Balance	A-1	879,768.38	646,237.82
		<u>1,760,313.27</u>	<u>1,508,920.50</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-18		101,215.94
Reserve for Encumbrances	A-20	4,640.35	14,516.36
Appropriated Reserves	A-20	377,916.20	174,954.35
Unappropriated Reserves	A-21	1,267.74	7,949.35
		<u>383,824.29</u>	<u>298,636.00</u>
		<u>\$ 2,144,137.56</u>	<u>\$ 1,807,556.50</u>

There was deferred school taxes on December 31, 2011 and 2010 of \$500,749.00 (Schedule A-16).

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-1**

**STATEMENT OF OPERATIONS AND CHANGE IN**

**FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$ 545,500.00	\$ 660,000.00
Miscellaneous Revenue Anticipated	A-2	1,205,057.96	1,239,525.62
Receipts from Delinquent Taxes	A-2	97,082.55	92,483.24
Receipts from Current Taxes	A-2	3,683,873.78	3,566,639.83
Non-Budget Revenues	A-2	186,838.04	190,626.78
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	172,351.42	142,580.29
Payroll Liability Cancelled	A-17	1,937.08	2,085.74
Interfunds Returned		105,170.55	
Total Income		<u>5,997,811.38</u>	<u>5,893,941.50</u>
<b><u>Expenditures</u></b>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		1,359,350.00	1,393,054.00
Other Expenses		1,118,707.00	1,082,700.00
Deferred Charges and Statutory Expenditures		334,021.00	310,197.02
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		35,000.00	85,857.00
Other Expenses		76,643.20	44,294.13
Capital Improvements		201,000.00	221,000.00
Municipal Debt Service		286,986.45	314,017.51
Transferred to Board of Education		9,077.00	8,923.00
	A-3	<u>3,420,784.65</u>	<u>3,460,042.66</u>
Prior Year Senior Citizen Deduction Disallowed	A-9	500.00	
Prior Year Revenue Refund	A-4	3,404.00	
County Taxes	A-15	656,377.70	661,262.36
Local District School Tax	A-16	1,137,714.00	1,138,742.00
Grant Receivable Cancelled	A-17	.47	
Interfund Advances			89,243.86
Adjustment of Local District School Tax			9,188.07
Total Expenditures		<u>5,218,780.82</u>	<u>5,358,478.95</u>
Excess in Revenue		779,030.56	535,462.55
Fund Balance January 1	A	<u>646,237.82</u>	<u>770,775.27</u>
		<u>1,425,268.38</u>	<u>1,306,237.82</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1	<u>545,500.00</u>	<u>660,000.00</u>
Fund Balance December 31	A	<u>\$ 879,768.38</u>	<u>\$ 646,237.82</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-2

**STATEMENT OF REVENUES - REGULATORY BASIS**

Sheet 1 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	A-1	\$ 545,500.00	\$ 545,500.00	\$
Fund Balance Anticipated				
<b><u>Miscellaneous Revenues</u></b>				
Licenses				
Alcoholic Beverages	A-10	10,000.00	15,300.00	5,300.00
Other	A-10	6,000.00	9,658.00	3,658.00
Fees and Permits				
Other	A-10	50,000.00	105,577.10	55,577.10
Fines and Costs				
Municipal Court	A-10	200,000.00	196,958.38	(3,041.62)
Interest and Costs on Taxes	A-10	12,000.00	22,462.10	10,462.10
Interest on Investments and Deposits	A-10	1,000.00	3,527.96	2,527.96
State Aid:				
Consolidated Municipal Property Tax Relief Act	A-10	64,985.00	64,985.00	
Energy Receipts Tax	A-10	230,454.00	230,454.00	
Uniform Construction Code Fees	A-10	1,000.00	1,647.10	647.10
Northeast Housing LLC - Borough of Lakehurst	A-10	160,000.00	160,000.00	
Northeast Housing LLC - Borough of Lakehurst	A-10	85,000.00	143,614.62	58,614.62
Clean Communities Program	A-19	4,000.00	4,000.00	
Click It or Ticket Grant	A-19	4,000.00	4,000.00	
Cops In Shops	A-19	1,600.00	1,600.00	
Drunk Driver Prevention	A-19	4,400.00	4,400.00	
Body Armor Grant	A-19	1,288.47	1,288.47	
Emergency Management FY12 966 Reimbursement Program	A-19	3,390.35	3,390.35	
Municipal Alliance on Alcoholism and Drug Abuse	A-19	5,078.00	5,078.00	
Recycling Tonnage Grant	A-19	10,116.88	10,116.88	
N.J. Transportation Trust Fund Authority Act	A-19	200,000.00	200,000.00	
Fund Balance - General Capital Fund	A-17	17,000.00	17,000.00	
Total Miscellaneous Revenues	A-1	<u>1,071,312.70</u>	<u>1,205,057.96</u>	<u>133,745.26</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 2 of 3**

	<b><u>Ref.</u></b>	<b><u>Anticipated Budget</u></b>	<b><u>Realized</u></b>	<b><u>Excess or (Deficit)</u></b>
Receipts from Delinquent Taxes	<u>A-1,2</u>	\$ <u>95,000.00</u>	\$ <u>97,082.55</u>	\$ <u>2,082.55</u>
Subtotal General Revenues		1,711,812.70	1,847,640.51	135,827.81
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	A-2	<u>1,975,292.19</u>	<u>2,043,993.77</u>	<u>68,701.58</u>
Total General Revenues		<u>3,687,104.89</u>	<u>3,891,634.28</u>	<u>204,529.39</u>
Non-Budget Revenues	A-1,2		<u>186,838.04</u>	<u>186,838.04</u>
	A-3	<u>\$ 3,687,104.89</u>	<u>\$ 4,078,472.32</u>	<u>\$ 391,367.43</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**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	\$ 3,683,873.78
Allocated to School and County Taxes	A-15,16	1,794,091.70
Balance or Support of Municipal Budget Appropriations		<u>1,889,782.08</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>154,211.69</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 2,043,993.77</u></u>
<b><u>Receipts from Delinquent Taxes</u></b>		
Delinquent Tax Collections	A-2,6,8	<u><u>\$ 97,082.55</u></u>
<b><u>Analysis of Non-Budget Revenues</u></b>		
Clerk		\$ 2,999.91
County Recycling		3,587.61
Recycling		678.00
Police Fees		3,655.95
Water Tower Lease		106,262.38
Refunds		62,726.79
Other Miscellaneous		<u>6,927.40</u>
	A-2,4	<u><u>\$ 186,838.04</u></u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 1 of 7

	Appropriated		Expended	Unexpended Balance Cancelled
	Budget	Budget After Modification		
<b><u>OPERATIONS WITHIN CAPS</u></b>				
<b><u>General Government</u></b>				
Administrative and Executive				
Salaries and Wages	\$ 83,500.00	\$ 83,500.00	\$ 81,685.06	\$ 1,814.94
Other Expenses	450.00	450.00	442.40	7.60
Mayor and Council				
Salaries and Wages	31,000.00	31,000.00	30,542.20	457.80
Other Expenses	450.00	450.00	408.00	42.00
Municipal Clerk				
Salaries and Wages	95,000.00	95,000.00	91,772.22	3,227.78
Other Expenses	21,600.00	21,600.00	19,040.72	2,559.28
Financial Administration				
Salaries and Wages	76,000.00	76,000.00	74,989.09	1,010.91
Other Expenses	17,100.00	17,100.00	13,603.32	3,496.68
Audit Services				
Other Expenses	35,000.00	35,000.00	8,800.00	26,200.00
Collection of Taxes				
Salaries and Wages	78,000.00	68,000.00	53,962.30	1,037.70
Other Expenses	8,100.00	8,100.00	7,549.47	550.53
Assessment of Taxes				
Salaries and Wages	16,050.00	16,050.00	15,991.25	58.75
Other Expenses	1,800.00	1,800.00	681.12	1,118.88
Legal Services and Costs				
Salaries and Wages	30,600.00	30,600.00	30,315.16	284.84
Other Expenses	2,000.00	5,000.00	2,410.00	2,590.00
Engineering Services and Costs				
Other Expenses	5,000.00	5,000.00	1,635.00	3,365.00
Historical Preservation				
Other Expenses	450.00	450.00		450.00

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



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 2 of 7

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<b><u>Land Use Administration</u></b>						
Municipal Land Use Law (N.J.S. 40:55D-1)	\$ 4,000.00	\$ 4,000.00	\$	\$ 4,000.00	\$	\$
Land Use Board	450.00	450.00		385.00	65.00	
Salaries and Wages						
Other Expenses						
<b><u>Code Enforcement and Administration</u></b>						
Code Enforcement						
Salaries and Wages	9,000.00	9,000.00		7,557.65	1,442.35	
Other Expenses	1,800.00	800.00			800.00	
County Rebate						
Salaries and Wages	2,600.00	2,600.00		2,600.00		
<b><u>Insurance</u></b>						
General Liability	50,000.00	25,000.00		20,243.40	2,756.60	2,000.00
Workers Compensation	68,400.00	68,400.00		68,282.83	117.17	
Employee Group Health	353,600.00	353,600.00		353,600.00		
Health Benefits Waiver	8,165.00	8,165.00			8,165.00	
<b><u>Public Safety Functions</u></b>						
Police						
Salaries and Wages	659,450.00	644,450.00		605,095.37	6,354.63	33,000.00
Other Expenses	47,500.00	47,500.00		47,229.33	270.67	
Purchase of Police Vehicles						
Other Expenses	10,900.00	10,900.00		10,848.91	51.09	
Emergency Management						
Salaries and Wages	6,600.00	6,600.00		2,000.00	4,600.00	
Other Expenses	900.00	2,400.00		1,160.40	1,239.60	
Emergency Medical Services						
Other Expenses	20,000.00	20,000.00		19,994.65	5.35	

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 3 of 7

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Uniform Safety Act	\$	7,250.00	\$	7,250.00	\$	424.66
Salaries and Wages		450.00		450.00		450.00
Other Expenses						
Municipal Court						
Salaries and Wages		95,000.00		95,000.00		2,011.10
Other Expenses		9,000.00		9,000.00		3,215.81
Fire						
Other Expenses		31,982.00		31,982.00		
Municipal Prosecutor						
Salaries and Wages		22,500.00		22,500.00		3,944.28
Other Expenses		100.00		100.00		100.00
Public Defender (P.L. 1997, C. 256)						
Salaries and Wages		100.00		100.00		100.00
Other Expenses		100.00		100.00		100.00
<b><u>Public Works Functions</u></b>						
Road Repairs and Maintenance						
Salaries and Wages		37,000.00		37,000.00		8,617.03
Other Expenses		14,310.00		34,310.00		28,340.85
Garbage and Trash Removal						
Salaries and Wages		96,500.00		96,500.00		6,434.10
Other Expenses		8,100.00		6,100.00		898.43
Recycling						
Salaries and Wages		4,000.00		4,000.00		4,000.00
Other Expenses		1,350.00		6,350.00		802.88
Public Buildings, Grounds and Lakes						
Salaries and Wages		69,100.00		69,100.00		2,802.99
Other Expenses		31,500.00		36,500.00		2,497.33

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 4 of 7

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
Vehicle Maintenance	\$ 100.00	\$ 100.00	\$	\$	100.00	\$
Salaries and Wages	65,000.00	80,500.00	71,410.24	9,089.76		
Other Expenses						
<b><u>Health and Human Services</u></b>						
Animal Control						
Other Expenses	8,000.00	8,000.00	745.00	7,255.00		
<b><u>Park and Recreation Functions</u></b>						
Youth and Recreation						
Salaries and Wages	6,000.00	6,000.00	3,829.47	2,170.53		
Other Expenses	4,950.00	1,950.00	865.86	1,084.14		
<b><u>Other Common Operating Functions</u></b>						
Celebration of Public Events						
Other Expenses	7,200.00	4,200.00	2,060.59	2,139.41		
<b><u>Utility Expenses and Bulk Purchases</u></b>						
Gasoline	50,000.00	55,000.00	51,107.08	3,892.92		
Electricity	39,000.00	35,000.00	27,444.32	7,555.68		
Telephone	32,000.00	32,000.00	31,979.65	20.35		
Natural Gas	15,000.00	15,000.00	12,789.55	2,210.45		
Street Lighting	30,000.00	30,000.00	28,693.39	1,306.61		
Fuel Oil	9,000.00	9,000.00	5,418.18	3,581.82		
Telecommunications	5,000.00	5,000.00	3,481.35	1,518.65		
Landfill Disposal Cost - Other Expenses	100,000.00	88,000.00	76,544.87	11,455.13		
Deferred Sick Time	1,000.00	21,000.00		21,000.00		
Total Operations within Caps	<u>2,546,057.00</u>	<u>2,546,057.00</u>	<u>2,264,796.94</u>	<u>213,260.06</u>		<u>68,000.00</u>
Salaries and Wages	1,430,350.00	1,425,350.00	1,287,455.61	71,894.39		66,000.00
Other Expenses	<u>1,115,707.00</u>	<u>1,120,707.00</u>	<u>977,341.33</u>	<u>141,365.67</u>		<u>2,000.00</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 5 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b><u>STATUTORY EXPENDITURES WITHIN CAPS</u></b>					
Contribution to:					
Public Employees' Retirement System of New Jersey	\$ 94,029.00	\$ 94,029.00	\$ 94,029.00	\$	\$
Police and Firemen's Retirement System of New Jersey	99,092.00	99,092.00	99,092.00		
Contribution to:					
Social Security System (O.A.S.I.)	120,000.00	120,000.00	102,238.95	17,761.05	
Unemployment Compensation Insurance	20,400.00	20,400.00	18,509.24	1,890.76	
Defined Contribution Retirement Program	500.00	500.00		500.00	
Total Statutory Expenditures within Caps	<u>334,021.00</u>	<u>334,021.00</u>	<u>313,869.19</u>	<u>20,151.81</u>	
Total Appropriations within Caps	<u>2,880,078.00</u>	<u>2,880,078.00</u>	<u>2,578,666.13</u>	<u>233,411.87</u>	<u>68,000.00</u>

**OPERATIONS EXCLUDED FROM CAPS**

Employee Group Health (P.L. 2007, Chap. 62)	35,300.00	35,300.00	29,833.47	5,466.53	
Recycling Fees	5,000.00	5,000.00		5,000.00	
Northeast Housing LLC - Borough of Lakehurst					
Police					
Salaries and Wages	43,000.00	43,000.00			43,000.00
Other Expenses	500.00	500.00	500.00		
Administration					
Salaries and Wages	35,000.00	35,000.00	19,072.20	15,927.80	
Other Expenses	500.00	500.00	124.95	375.05	

**Public and Private Programs Offset by Revenues**

Clean Communities Program	4,000.00	4,000.00	4,000.00		
Recycling Tonnage Grant	10,116.88	10,116.88	10,116.88		
Click It or Ticket Grant	4,000.00	4,000.00	4,000.00		
Drunk Driver Prevention	4,400.00	4,400.00	4,400.00		
Cops in Shops	1,600.00	1,600.00	1,600.00		
Body Armor Grant	1,288.47	1,288.47	1,288.47		

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 6 of 7

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Reserved	Reserved	
Municipal Alliance						
State Share	\$ 5,078.00	\$ 5,078.00	\$ 5,078.00	\$	\$	
Local Share	1,469.50	1,469.50	1,469.50			
Emergency Management FY 12 966 Reimbursement Program	3,390.35	3,390.35	3,390.35			
Total Operations excluded from Caps	<u>154,643.20</u>	<u>154,643.20</u>	<u>84,873.82</u>	<u>26,769.38</u>	<u>43,000.00</u>	
Detail:						
Salaries and Wages	78,000.00	78,000.00	19,072.20	15,927.80	43,000.00	
Other Expenses	<u>76,643.20</u>	<u>76,643.20</u>	<u>65,801.62</u>	<u>10,841.58</u>		
<b><u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u></b>						
Capital Improvement Fund	1,000.00	1,000.00		1,000.00		
NJ Transportation Trust Fund Authority Act - Lilac Street	200,000.00	200,000.00	200,000.00			
Total Capital Improvements excluded from Caps	<u>201,000.00</u>	<u>201,000.00</u>	<u>200,000.00</u>	<u>1,000.00</u>		
<b><u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u></b>						
Payment of Bond Anticipation Notes	63,250.00	63,250.00	63,250.00		567.55	
Interest on Notes	10,000.00	10,000.00	9,432.45			
USDA Rural Development Loan - Emergency Management						
Principal and Interest	131,065.00	131,065.00	131,054.00		11.00	
USDA Rural Development Loan - Police Department						
Principal and Interest	83,780.00	83,780.00	83,250.00		530.00	
Total Municipal Debt Service excluded from Caps	<u>288,095.00</u>	<u>288,095.00</u>	<u>286,986.45</u>		<u>1,108.55</u>	
Transferred to Board of Education for Use of						
Local Schools	9,077.00	9,077.00	9,077.00			
Total General Appropriations excluded from Caps	<u>652,815.20</u>	<u>652,815.20</u>	<u>580,937.27</u>	<u>27,769.38</u>	<u>44,108.55</u>	

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 7 of 7

	<u>Appropriated</u>		<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Paid or Charged</u>		<u>Reserved</u>	<u>Cancelled</u>	
Subtotal General Appropriations	\$ 3,532,893.20	\$ 3,532,893.20	\$ 3,532,893.20	\$ 3,159,603.40	\$ 261,181.25	\$ 112,108.55
Reserve for Uncollected Taxes	154,211.69	154,211.69	154,211.69	154,211.69		
Total General Appropriations	\$ 3,687,104.89	\$ 3,687,104.89	\$ 3,687,104.89	\$ 3,313,815.09	\$ 261,181.25	\$ 112,108.55
<u>Ref.</u>	A-2				A	
Budget			\$ 3,666,257.67			
Added by N.J.S. 40A:4-48			20,847.22			
			\$ 3,687,104.89			
Reserve for Uncollected Taxes	A-2			\$ 154,211.69		
Disbursements	A-4			2,818,681.73		
Reserve for Encumbrances	A-13			23,819.02		
Transferred to Board of Education for						
Use of Local Schools	A-16			9,077.00		
Interfunds:						
General Capital Fund	A-17			72,682.45		
Grant Fund	A-18			235,343.20		
				\$ 3,313,815.09		

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**BALANCE SHEET - TRUST FUND**

**Exhibit B**

**REGULATORY BASIS**

**DECEMBER 31, 2011 AND 2010**

	<b><u>Ref.</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Assets</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Cash	B-1	\$ <u>1,757.71</u>	\$ <u>3,232.00</u>
<b><u>Trust Other Fund</u></b>			
Cash	B-1	255,872.86	304,570.73
Interfund - Current Fund	B-5	18,747.01	
Community Development Block Grant Receivable	B-7	<u>11,233.41</u>	<u>967.34</u>
		<u>285,853.28</u>	<u>305,538.07</u>
		\$ <u>287,610.99</u>	\$ <u>308,770.07</u>
<b><u>Liabilities and Reserves</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Due to State of New Jersey	B-2	\$ 1.20	\$
Reserve for Animal Control Trust Fund Expenditures	B-3	1,688.60	3,232.00
Reserve for Encumbrances	B-3	63.40	
Interfund - Current Fund	B-4	<u>4.51</u>	
		<u>1,757.71</u>	<u>3,232.00</u>
<b><u>Trust Other Fund</u></b>			
Interfund - Current Fund	B-5		4,830.90
Reserve for:			
Encumbrances	B-6		350.00
Miscellaneous Trust Accounts	B-6	274,619.87	299,982.38
Community Development Block Grant	B-8	<u>11,233.41</u>	<u>374.79</u>
		<u>285,853.28</u>	<u>305,538.07</u>
		\$ <u>287,610.99</u>	\$ <u>308,770.07</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**BALANCE SHEET - GENERAL CAPITAL FUND**

**Exhibit C**

**REGULATORY BASIS**

**DECEMBER 31, 2011 AND 2010**

	<b><u>Ref.</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Assets</u></b>			
Cash	C-2	\$ 526,200.66	\$ 629,755.87
Grants Receivable		1,821.50	32,487.35
Deferred Charges to Future Taxation:			
Funded	C-4	3,437,804.99	3,505,583.67
Unfunded	C-5	1,081,186.00	1,144,436.00
Interfunds:			
Current Fund	C-6	54,768.42	
Water-Sewer Utility Operating Fund	C-6	22,125.03	
		<u>\$ 5,123,906.60</u>	<u>\$ 5,312,262.89</u>
<b><u>Liabilities and Reserves</u></b>			
Reserve for Payment of Bonds		\$ 500.00	\$ 500.00
Interfunds:			
Current Fund	C-6		178.22
Grant Fund	C-6	15,913.48	15,913.48
Water-Sewer Utility Capital Fund	C-6	100,000.00	100,000.00
Reserve for NJ DOT Grant			
Ordinance #02-03			30,665.85
Capital Improvement Fund	C-7	86,704.66	82,019.24
Improvement Authorizations:			
Funded	C-8	32,228.51	43,933.71
Unfunded	C-8	499,026.62	504,429.87
Reserve for Encumbrances	C-8	18,947.00	16,007.51
Bond Anticipation Notes	C-9	932,405.00	995,655.00
USDA Rural Development Loan Payable	C-11	1,387,616.19	1,412,846.15
USDA Rural Development Loan Payable	C-10	2,050,188.80	2,092,737.52
Fund Balance	C-1	376.34	17,376.34
		<u>\$ 5,123,906.60</u>	<u>\$ 5,312,262.89</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$148,781.00 (Schedule C-12).

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



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-1**

**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 17,376.34
Decreased by:		
Due to Current Fund as Anticipated Revenue	C-6	<u>17,000.00</u>
Balance December 31, 2011	C	<u><u>\$ 376.34</u></u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**BALANCE SHEET - WATER-SEWER UTILITY FUND**

**Exhibit D**

**REGULATORY BASIS**

**Sheet 1 of 2**

**DECEMBER 31, 2011 AND 2010**

	<b><u>Ref.</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Assets</u></b>			
<b><u>Operating Fund</u></b>			
Cash	D-4	\$ 775,186.14	\$ 309,898.28
Change Fund		100.00	100.00
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	100,036.06	77,454.97
Utility Liens	D-7	4,297.87	4,297.87
Total Operating Fund		<u>879,620.07</u>	<u>391,751.12</u>
<b><u>Capital Fund</u></b>			
Fixed Capital	D-8	3,474,041.08	3,417,429.77
Fixed Capital Authorized and Uncompleted	D-9	980,611.34	191,526.19
USDA Grant Receivable			56,611.31
Interfunds:			
Water-Sewer Utility Operating Fund		464,282.41	32,183.14
General Capital Fund		100,000.00	100,000.00
Total Water-Sewer Utility Capital Fund		<u>5,018,934.83</u>	<u>3,797,750.41</u>
Total Assets		<u>\$ 5,898,554.90</u>	<u>\$ 4,189,501.53</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<b><u>Operating Fund</u></b>			
Liabilities:			
Reserve for Encumbrances	D-3,10	\$ 27,195.86	\$ 11,743.67
Appropriation Reserves	D-3,10	67,375.62	45,877.14
Prepaid Consumer Accounts	D-4,6	1,702.25	1,270.35
Accounts Payable		1,253.56	310.56
Interfunds:			
Current Fund	D-11	9,264.44	10,200.00
General Capital Fund	D-11	22,125.03	
Water-Sewer Utility Capital Fund	D-11	464,282.41	32,183.14
Accrued Interest on Bonds, Notes and Loans	D-12	5,912.18	4,758.87
		<u>599,111.35</u>	<u>106,343.73</u>
Reserve for Receivables		104,333.93	81,752.84
Fund Balance	D-1	176,174.79	203,654.55
Total Operating Fund		<u>879,620.07</u>	<u>391,751.12</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**BALANCE SHEET - WATER-SEWER UTILITY FUND**

**Exhibit D**

**REGULATORY BASIS**

**Sheet 2 of 2**

**DECEMBER 31, 2011 AND 2010**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<b><u>Capital Fund</u></b>			
Liabilities:			
Improvement Authorizations:			
Funded	D-13	\$ 32,584.93	\$ 60,914.85
Unfunded	D-13	872,599.95	123,863.68
Capital Improvement Fund	D-14	20,588.54	58,785.00
Reserve for Encumbrances	D-13	748.07	
Reserve for Amortization	D-15	2,303,867.81	2,193,290.50
Deferred Reserve for Amortization	D-16	49,250.00	67,664.85
USDA Loan Payable	D-17	984,436.61	1,005,753.61
Farmers Home Administration Loan	D-18	136,788.00	148,627.00
Bond Anticipation Notes Payable	D-19	618,000.00	138,810.00
Fund Balance		70.92	40.92
Total Water-Sewer Utility Capital Fund		<u>5,018,934.83</u>	<u>3,797,750.41</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,898,554.90</u>	<u>\$ 4,189,501.53</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$362,310 (Schedule D-20).

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-1**

**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

**REGULATORY BASIS**

**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<b><u>Ref.</u></b>	<b><u>Year 2011</u></b>	<b><u>Year 2010</u></b>
<b><u>Revenue and Other Income Realized</u></b>			
Surplus Anticipated	D-2	\$ 178,150.00	\$ 150,000.00
Rents	D-2	889,137.23	865,858.40
Miscellaneous	D-2	5,030.16	34,736.76
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	39,821.53	40,406.61
Total Income		<u>1,112,138.92</u>	<u>1,091,001.77</u>
<b><u>Expenditures</u></b>			
Operating		802,088.00	763,353.00
Capital Improvements		26,000.00	40,000.00
Debt Service		96,380.68	88,676.64
Deferred Charges and Statutory Expenditures		37,000.00	35,800.00
Total Expenditures	D-3	<u>961,468.68</u>	<u>927,829.64</u>
Excess in Revenue		150,670.24	163,172.13
Fund Balance January 1	D	<u>203,654.55</u>	<u>190,482.42</u>
		354,324.79	353,654.55
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>178,150.00</u>	<u>150,000.00</u>
Fund Balance December 31	D	<u>\$ 176,174.79</u>	<u>\$ 203,654.55</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 178,150.00	\$ 178,150.00	\$
Rents	D-2	820,000.00	889,137.23	69,137.23
Miscellaneous	D-2	6,000.00	5,030.16	(969.84)
		<u>\$ 1,004,150.00</u>	<u>\$ 1,072,317.39</u>	<u>\$ 68,167.39</u>
	<u>Ref.</u>	D-3		

**Analysis of Realized Revenues**

Rents:

Consumer Accounts Receivable:

Collected	D-6	\$ 886,994.12
Overpayments Applied	D-6	1,270.35
Interfund - Current Fund	D-11	872.76
	D-1,2	<u>\$ 889,137.23</u>

**Analysis of Miscellaneous Revenue**

Interest Earned on Deposits		\$ 400.22
Interest Earned on Delinquent Accounts		4,545.69
Connection Fees and On/Off Charge		25.00
Other		59.25
	D-2	<u>\$ 5,030.16</u>
Receipts	D-4	\$ 4,967.36
Interfund - Current Fund	D-11	62.80
	D-2	<u>\$ 5,030.16</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 255,000.00	\$ 259,000.00	\$ 254,836.34	\$ 4,163.66	\$
Other Expenses	259,088.00	259,088.00	184,288.28	49,799.72	25,000.00
Audit and Professional	9,000.00	9,000.00		9,000.00	
Ocean County Utility Authority	320,000.00	316,000.00	299,092.80	907.20	16,000.00
Capital Improvements:					
Capital Improvement Fund	1,000.00	1,000.00		1,000.00	
Capital Outlay	25,000.00	25,000.00	25,000.00		
Debt Service:					
Payment of Bond Anticipation Notes	20,810.00	20,810.00	20,810.00		
Interest on Notes	4,150.00	4,150.00	2,732.17		1,417.83
USDA Loan Principal and Interest	53,832.00	53,832.00	53,816.48		15.52
FHA Loan Principal and Interest	19,270.00	19,270.00	19,022.03		247.97
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	20,000.00	20,000.00	19,494.96	505.04	
Public Employee's Retirement System	15,000.00	15,000.00	15,000.00		
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	2,000.00	2,000.00		2,000.00	
	<u>\$ 1,004,150.00</u>	<u>\$ 1,004,150.00</u>	<u>\$ 894,093.06</u>	<u>\$ 67,375.62</u>	<u>\$ 42,681.32</u>
	Ref. D-2	D-1		D	D-1
Reserve for Encumbrances			\$ 27,195.86		
Cash Disbursements			802,357.49		
Interfund - General Capital Fund			22,125.03		
Accrued Interest on Bonds and Notes			42,414.68		
			<u>\$ 894,093.06</u>		

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**BALANCE SHEET - PAYROLL FUND**

**Exhibit G**

**REGULATORY BASIS**

**DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Cash	\$ <u>20,162.20</u>	\$ <u>18,429.69</u>
<b><u>Liabilities</u></b>		
Payroll Liabilities	\$ 9,017.34	\$ 9,270.39
Interfund - Current Fund	<u>11,144.86</u>	<u>9,159.30</u>
	<u>\$ 20,162.20</u>	<u>\$ 18,429.69</u>

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

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**  
**BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP**      **Exhibit H**

**REGULATORY BASIS**

**DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Land and Improvements	\$ 1,714,100.00	\$ 1,714,100.00
Buildings	5,058,337.68	5,058,337.68
Vehicles and Equipment	<u>1,764,158.03</u>	<u>1,786,366.35</u>
	<u>\$ 8,536,595.71</u>	<u>\$ 8,558,804.03</u>
<b><u>Reserve</u></b>		
Investment in Fixed Assets	<u>\$ 8,536,595.71</u>	<u>\$ 8,558,804.03</u>

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



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The financial statements of the Borough of Lakehurst, County of Ocean, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Boards 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 Borough, by statute or other directive, report separately on their financial statements.

**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 Borough 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 Borough 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.

**Animal Control Trust Fund** - dog and cat license revenues and expenditures.

**Trust Other 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.

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

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

**Water-Sewer Utility Operating Fund** - revenues and expenditures necessary to operate a municipally-owned water-sewer supply system from user fees.

**Water-Sewer Utility Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

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

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

**C. Basis of Accounting**

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

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

**Property Taxes and Other Revenues** - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough'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 Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

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

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

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

**C. Basis of Accounting (Continued)**

**Deferred Charges** - the regulatory basis of accounting utilized by the Borough 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 expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2011 is set forth in Note 4.

**Property Acquired for Taxes** - 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 Borough 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. The status of interfunds is set forth in Note 14.

**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 Borough has developed a fixed assets accounting and reporting system. Fixed assets acquired prior 1992 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after 1992 are recorded at cost.

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

**C. Basis of Accounting (Continued)**

**General Fixed Assets (Continued)**

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.

**Utility Fixed Assets** - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

The fixed asset records of the Borough were properly maintained during 2011 and the following changes represent the values based upon the information available:

	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Fixed Assets Account Group:					
Land and Buildings	\$ 6,772,438	\$ 1,486	\$ 23,694	\$	\$ 6,772,438
Machinery and Equipment	1,786,366	1,486	23,694	\$	1,764,158
Water-Sewer Utility Fund:					
Fixed Capital	3,417,430			56,611	3,474,041
Fixed Capital Authorized and Uncompleted	<u>191,526</u>	<u>850,000</u>	<u>4,304</u>	<u>(56,611)</u>	<u>980,611</u>
	<u>\$ 12,167,760</u>	<u>\$ 851,486</u>	<u>\$ 27,998</u>	<u>\$ -0-</u>	<u>\$ 12,991,248</u>

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

**D. Financial Statements**

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough 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 Borough and approved by the Division in accordance with applicable statutes.

**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 Borough's deposits was \$3,168,436 and the bank balance amount was \$3,166,478. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$2,916,478.

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments**

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough 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 Borough:

- (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 Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

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

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments (Continued)**

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

At year end, carrying value of the Borough's investments and the investment balance amount was \$35,559.

**C. Cash Management Plan**

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

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

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

**D. Credit Risk Categories**

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	<u>2,916,478</u>	<u>2,082,491</u>
	\$ <u>3,166,478</u>	\$ <u>2,332,491</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 Borough does not have a formal policy for custodial credit risk.

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**D. Credit Risk Categories (Continued)**

State law limits investments as noted above.

During the year, the Borough 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 Borough.

**NOTE 3. DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. 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**

On December 31, 2011, the Borough had long-term debt as follows:

**General Capital Fund**

4.25% U.S.D.A. General Capital Loan Issued July 26, 2007, installment maturities to July 26, 2037	\$ 2,050,189
4.125% U.S.D.A. General Capital Loan Issued April 23, 2010, installment maturities to April 23, 2040	<u>1,387,616</u>
	\$ <u>3,437,805</u>

**Water-Sewer Utility Capital Fund**

5.00% Improvements, Farmers Home Administration, Issued September 1, 1980, installment maturities to August 1, 2020	\$ 136,788
3.25% U.S.D.A. Water-Sewer Loan Issued December 23, 1999, installment maturities December 23, 2039	<u>984,437</u>
	\$ <u>1,121,225</u>

The General Capital Fund loans mature semi-annually in variable amounts to the year 2040. The Water-Sewer Utility Capital Fund loans mature serially in variable amounts to the year 2039. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:



**NOTE 3. DEBT (CONTINUED)**

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

<u>Year</u>	<u>General Capital Fund</u>		<u>Water-Sewer Utility Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 70,680	\$ 143,624	\$ 34,446	\$ 38,656	\$ 287,406
2013	73,683	140,622	35,789	37,313	287,407
2014	76,812	137,492	37,187	35,915	287,406
2015	80,075	134,229	38,641	34,461	287,406
2016	83,476	130,828	40,155	32,947	287,406
2017-21	473,682	597,838	206,225	139,736	1,417,481
2022-26	583,211	488,309	162,442	106,718	1,340,680
2027-31	718,074	353,446	190,619	78,541	1,340,680
2032-36	884,130	187,390	223,962	45,198	1,340,680
2037-40	393,982	25,374	151,759	8,968	580,083
	<u>\$ 3,437,805</u>	<u>\$ 2,339,152</u>	<u>\$ 1,121,225</u>	<u>\$ 558,453</u>	<u>\$ 7,456,635</u>

**B. Short-term Debt**

On December 31, 2011, the Borough had outstanding bond anticipation notes as follows:

**General Capital Fund**

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
03-04	Various Improvements	\$ 41,555	2.63%
05-22	Emergency Management Services Building	33,750	2.63%
06-08	Construction of Emergency Services Complex	322,100	2.63%
08-09	Improvements to Lake Horicon Drive	285,000	2.63%
09-02	Acquisition of New Garbage Truck	250,000	2.63%
		<u>\$ 932,405</u>	

**Water-Sewer Capital Fund**

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
03-05	Various Water-Sewer Improvements	\$ 18,000	2.63%
09-14	Improvements to Well No. 16	100,000	2.63%
11-03	Water Tower Improvements	500,000	3.75%
		<u>\$ 618,000</u>	

**NOTE 3. DEBT (CONTINUED)**

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

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

General Capital Fund	\$ 148,781
Water-Sewer Utility Capital Fund	362,310

**D. Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2011 was 2.37%. The Borough's remaining borrower power is 1.13%

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

**E. Summary of Debt Activity**

During 2011 the following changes occurred in the outstanding debt of the Borough:

	<u>Balance</u> <u>Jan. 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Debt:				
U.S.D.A. Rural Development Loan	\$ 2,092,738	\$	\$ 42,549	\$ 2,050,189
U.S.D.A. Rural Development Loan	1,412,846		25,230	1,387,616
Bond Anticipation Notes	995,655		63,250	932,405
Water-Sewer Utility Fund Debt:				
Farmers' Home Loan	148,627		11,839	136,788
U.S.D.A. Loan Payable	1,005,754		21,317	984,437
Bond Anticipation Notes	138,810	500,000	20,810	618,000
	<u>\$ 5,794,430</u>	<u>\$ 500,000</u>	<u>\$ 184,995</u>	<u>\$ 6,109,435</u>

**NOTE 4. ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough 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 current cost of such unpaid compensation approximates \$292,794 at December 31, 2011. In accordance with New Jersey accounting principles this amount is not reported as an expenditure or liability in the accompanying financial statements.

**NOTE 5. FUND BALANCES APPROPRIATED**

The fund balances at December 31, 2011 which were appropriated and included as anticipated revenue in the budgets for the year ending December 31, 2012 were as follows:

Current Fund:	
Fund Balance	\$ 650,000
Water-Sewer Utility Operating:	
Fund Balance	154,150

**NOTE 6. TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE**

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2011</u>	<u>2010</u>
Prepaid Taxes	\$ 44,410	\$ 22,473
Prepaid Water-Sewer Charges	1,702	1,270

**NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the Borough 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 Borough, Local 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 Borough Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough 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 Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

**NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

Upon the authorization of capital projects, the Borough 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 Statute 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

**NOTE 9. PENSION PLANS**

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

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

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

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$ 109,029	\$ 99,092
2010	100,020	71,474
2009	71,251	98,145

**NOTE 10. OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

**NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)**

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On February 6, 2003, the Borough authorized participation in the SHBP's post-retirement benefit program through Resolution Number 03-054. The Borough adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

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

**Funding Policy**

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

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions to SHBP for the years ended December 31, 2011, 2010 and 2009 were \$112,416, \$42,367, and \$32,272, respectively, which equaled the required contributions for each year. There were approximately 6, 3, and 2 retired participants eligible at December 31, 2011, 2010 and 2009, respectively.

**NOTE 11. 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.

	<u>Local District School Tax</u> <u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Balance of Tax	\$ 708,274	\$ 708,874
Deferred	<u>500,749</u>	<u>500,749</u>
Tax Payable	\$ <u>207,525</u>	\$ <u>208,125</u>

**NOTE 12. RISK MANAGEMENT**

The Borough 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 Borough 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 Borough 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 Borough 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.

**NOTE 13. CONTINGENT LIABILITIES**

**State and Federal Financial Assistance**

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

**Major Tax Assessments**

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

<u>Owner</u>	<u>Assessed Value</u>	<u>% of Assessed Value</u>
Lakehurst Circle Association	\$ 2,306,300	1.21%

**Pending Litigation**

There are actions which have been instituted against the Borough 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 Borough.

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

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

**NOTE 14. INTERFUND RECEIVABLES AND PAYABLES**

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

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
Current Fund	\$ 20,415	\$ 80,125
Animal Control Trust Fund		5
Trust Other Fund	18,747	
General Capital Fund	76,893	115,913
Water-Sewer Utility Operating Fund		495,672
Water-Sewer Utility Capital Fund	564,282	
Payroll Fund		11,145
Grant Fund	<u>22,523</u>	<u>          </u>
	<u>\$ 702,860</u>	<u>\$ 702,860</u>

**BOROUGH OF LAKEHURST**

**COUNTY OF OCEAN**

**PART II**

**SUPPLEMENTARY DATA**

**SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2011**



**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

Tax Rate	<u>2011</u> \$ <u>1.98</u>	<u>2010</u> \$ <u>1.93</u>	<u>2009</u> \$ <u>1.78</u>
Apportionment of Tax Rate			
Municipal	1.04	.98	.92
County	.34	.35	.32
Local School	.60	.60	.54
Assessed Valuation			
2011	\$ 190,477,370		
2010		\$ 190,755,237	
2009			\$ 191,280,472

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2011	\$ 3,783,298	\$ 3,683,874	97.37%
2010	3,672,705	3,566,640	97.11%
2009	3,412,164	3,310,925	97.03%

**DELINQUENT TAXES AND TAX TITLE LIENS**

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 30,151	\$ 81,658	\$ 111,809	2.96%
2010	32,796	94,515	127,311	3.47%
2009	27,385	92,651	120,036	3.52%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2011	\$ 50,000
2010	50,000
2009	50,000

**COMPARISON OF WATER-SEWER UTILITY LEVIES**

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collection</u>
2011	\$ 911,718	\$ 77,455	\$ 889,137
2010	912,254	31,059	865,858
2009	875,321	31,175	875,437

**COMPARATIVE SCHEDULE OF FUND BALANCES**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<b><u>Current Fund</u></b>		
2011	\$ 879,768	\$ 650,000
2010	646,238	545,500
2009	770,775	660,000
2008	1,036,254	830,000
2007	970,534	810,000
<b><u>Water-Sewer Fund</u></b>		
2011	\$ 176,175	\$ 154,150
2010	203,655	178,150
2009	190,482	150,000
2008	133,102	85,000
2007	196,643	120,000

## SUMMARY OF MUNICIPAL DEBT

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<b><u>Issued</u></b>			
General Bonds and Notes	\$ 4,370,210	\$ 4,501,239	\$ 4,363,488
Water-Sewer Utility Bonds, Loans and Notes	<u>1,739,225</u>	<u>1,293,191</u>	<u>1,239,653</u>
Total Issued	6,109,435	5,794,430	5,603,141
Less:			
Funds on Hand to Pay Bonds	<u>500</u>	<u>500</u>	<u>500</u>
Net Debt Issued	<u>6,108,935</u>	<u>5,793,930</u>	<u>5,602,641</u>
<b><u>Authorized but not Issued</u></b>			
General Bonds and Notes	148,781	148,781	433,781
Water-Sewer Utility Bonds and Notes	<u>362,310</u>	<u>54,810</u>	<u>154,810</u>
Total Authorized but not Issued	<u>511,091</u>	<u>203,591</u>	<u>588,591</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>6,620,026</u>	\$ <u>5,997,521</u>	\$ <u>6,191,232</u>

## SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 2.37%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ -0-	\$ -0-	\$ -0-
General Debt	4,518,991	500	4,518,491
Water-Sewer Utility Debt	<u>2,101,535</u>	<u>2,101,535</u>	<u>-0-</u>
	\$ <u>6,620,526</u>	\$ <u>2,102,035</u>	\$ <u>4,518,491</u>

Net Debt \$4,518,491 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$190,259,341 = 2.37%.

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

3.5% of Equalized Valuation Basis	\$ 6,659,077
Net Debt	<u>4,518,491</u>
Remaining Borrowing Power	\$ <u>2,140,586</u>

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

Cash Receipts from Fees, Rents or Other		
Charges for the Year		\$ 1,072,317
Deductions:		
Operating and Maintenance Cost	\$ 839,088	
Debt Service	<u>96,381</u>	
		<u>935,469</u>
Excess in Revenues		\$ <u>136,848</u>

A revised Annual Debt Statement should be filed by the chief Financial Officer.

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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<b><u>Name</u></b>	<b><u>Position</u></b>
Timothy Borsetti	Mayor
Harry Robbins	Council President
James Davis	Councilman
Patricia Ford	Councilwoman
Sidney Hooper	Councilman
Steven Oglesby	Councilman
Glenn McComas	Councilman
Norbert B. MacLean, Jr.	Administrator
Sean Gertner	Attorney
Bernadette Dugan	Municipal Clerk
Chris Thorne	Chief Financial Officer
Marie C. Bell	Tax Collector, Tax Search Official and Utility Collector
Matcene D. Hopkins	Tax Assessor
Damian G. Murray	Magistrate
Lisa A. Fischer	Court Administrator
Patricia Borsetti	Deputy Court Administrator

Forgery, Theft and Public Employee Dishonesty coverage in the amount of \$50,000 was provided by the Ocean County Municipal Joint Insurance Fund. Additional coverage in the amount of \$950,000 was provided by the Municipal Excess Liability Joint Insurance Fund.

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-4**

**SCHEDULE OF CASH - TREASURER**

Balance December 31, 2010		\$ 1,196,172.85
Increased by Receipts:		
Due State of New Jersey:		
Marriage License Fees	\$ 525.00	
Miscellaneous Revenue not Anticipated	186,838.04	
Collector	3,813,480.15	
State of New Jersey (Ch. 20, P.L. 1971)	23,500.00	
Revenue Accounts Receivable	929,618.45	
Interfunds:		
Other Funds	64,524.09	
Grant Fund	148,613.65	
		<u>5,167,099.38</u>
		<u>6,363,272.23</u>
Decreased by Disbursements:		
Due State of New Jersey:		
Marriage License Fees	650.00	
2011 Budget Appropriations	2,818,681.73	
2010 Appropriation Reserves	89,517.85	
County Taxes Payable	653,742.58	
Local District School Tax	1,147,391.00	
Interfunds:		
Other Funds	38,696.18	
Grant Fund	42,257.36	
Prior Year Revenue Refund	3,404.00	
		<u>4,794,340.70</u>
Balance December 31, 2011		<u>\$ 1,568,931.53</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-5**

**SCHEDULE OF CURRENT CASH - COLLECTOR**

Increased by Receipts:

Prepaid Taxes	\$ 44,409.55
Taxes Receivable	3,727,756.80
Tax Title Liens	6,980.22
Revenue Accounts Receivable	22,462.10
Tax Overpayments	11,871.48
	<u>11,871.48</u>

\$ 3,813,480.15

Decreased by Disbursements:

Payments to Treasurer

\$ 3,813,480.15

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-6

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance		2011 Levy		Collections		Overpayments Applied	Due from State	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2011
	Dec. 31, 2010	2010	2011	2010	2011						
2010	\$ 94,514.93	\$ 88,632.08	\$ 3,783,297.81	\$ 22,473.25	\$ 1,470.25	\$ (500.00)	\$ 4,912.60	\$ 4,335.07	\$ 4,912.60	\$ 81,658.34	
2011		3,639,124.72		25.81	22,250.00		13,430.62	4,335.07	13,430.62	81,658.34	
	\$ 94,514.93	\$ 3,727,756.80	\$ 3,783,297.81	\$ 22,473.25	\$ 1,496.06	\$ 21,750.00	\$ 18,343.22	\$ 4,335.07	\$ 18,343.22	\$ 81,658.34	

**Analysis of 2011 Property Tax Levy**

Tax Yield:	
General Purpose Tax	\$ 3,767,642.25
Added and Omitted Taxes	15,655.56
	<u>\$ 3,783,297.81</u>

Tax Levy:	
Local District School Tax	\$ 1,137,714.00
County Taxes:	
County Tax	\$ 543,767.24
County Library Tax	63,036.31
County Health Tax	23,597.43
County Open Space Preservation	23,221.85
Due County for Added and Omitted Taxes	<u>2,754.87</u>
Total County Taxes	656,377.70
Local Tax for Municipal Purposes Levied	1,975,292.19
Add: Additional Tax Levied	<u>13,913.92</u>
	<u>\$ 3,783,297.81</u>



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-7**

**SCHEDULE OF SPECIAL CHARGES RECEIVABLE**

Balance December 31, 2010	\$ 987.86
Decreased by:	
Collections	\$ <u>987.86</u>

**SCHEDULE OF TAX TITLE LIENS**

**Exhibit A-8**

Balance December 31, 2010	\$ 32,795.91
Increased by:	
Transfer from Taxes Receivable	<u>4,335.07</u>
	37,130.98
Decreased by:	
Receipts	<u>6,980.22</u>
Balance December 31, 2011	\$ <u>30,150.76</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-9**

**SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY**

**PER CHAPTER 20, P.L. 1971**

Balance December 31, 2010 - (Due From)/Due To		\$ 1,691.38
Increased by:		
Receipts		<u>23,500.00</u>
		25,191.38
Decreased by:		
2011 Senior Citizens and Veterans Exemptions per Tax Duplicate	\$ 22,250.00	
2011 Deductions Disallowed by Tax Collector	(1,000.00)	
2011 Deductions Allowed by Tax Collector	1,000.00	
2010 Deductions Disallowed by Tax Collector	<u>(500.00)</u>	
		<u>21,750.00</u>
Balance December 31, 2011 - (Due From)/Due To		\$ <u><u>3,441.38</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-10

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Balance Dec. 31, 2010</u>	<u>Accrued in 2011</u>	<u>Collected by Treasurer</u>	<u>Collected by Collector</u>	<u>Balance Dec. 31, 2011</u>
Clerk					
Licenses					
Alcoholic Beverages	\$	\$ 15,300.00	\$ 15,300.00	\$	\$
Other		9,658.00	9,658.00		
Fees and Permits					
Other		105,577.10	105,577.10		
Municipal Court					
Fines and Costs	8,444.59	197,252.62	196,958.38		8,738.83
Other Revenue					
Interest on Investments and Deposits					
State Aid:		3,527.96	3,527.96		
Consolidated Municipal Property Tax Relief Act					
Energy Receipts Taxes		64,985.00	64,985.00		
Uniform Construction Code Fees		230,454.00	230,454.00		
Interest and Costs on Taxes		1,647.10	1,647.10		
Northeast Housing LLC - Borough of Lakehurst		22,462.10		22,462.10	
Northeast Housing LLC - Borough of Lakehurst		160,000.00	160,000.00		
		143,614.62	143,614.62		
	<u>\$ 8,444.59</u>	<u>\$ 954,478.50</u>	<u>\$ 931,722.16</u>	<u>\$ 22,462.10</u>	<u>\$ 8,738.83</u>
Receipts					
Interfunds		\$ 929,618.45	2,103.71		
		<u>\$ 931,722.16</u>			

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-11**

**SCHEDULE OF TAX OVERPAYMENTS**

Balance December 31, 2010	\$ 6,422.80
Increased by:	
Receipts	<u>11,871.48</u>
	18,294.28
Decreased by:	
Applied	<u>1,496.06</u>
Balance December 31, 2011	<u>\$ 16,798.22</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-12

**STATEMENT OF APPROPRIATION RESERVES**

Sheet 1 of 5

**OPERATIONS WITHIN CAPS**

	<b><u>Balance Dec. 31, 2010</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Balance Lapsed</u></b>
Administrative and Executive				
Salaries and Wages	\$ 19.70	\$ 19.70		\$ 19.70
Other Expenses	14.87	14.87		14.87
Mayor and Council				
Salaries and Wages	402.44	402.44		402.44
Other Expenses	155.00	155.00	155.00	
Municipal Clerk				
Salaries and Wages	78.20	78.20		78.20
Other Expenses	1,287.02	1,287.02	1,077.47	209.55
Financial Administration				
Salaries and Wages	74.20	74.20		74.20
Other Expenses	1,585.24	1,585.24	832.84	752.40
Audit Services				
Other Expenses	25,000.00	25,000.00	25,000.00	
Collection of Taxes				
Salaries and Wages	6,472.06	6,472.06		6,472.06
Other Expenses	1,899.52	1,899.52	1,761.33	138.19
Assessment of Taxes				
Salaries and Wages	212.58	212.58		212.58
Other Expenses	79.98	79.98	72.68	7.30
Legal Services and Costs				
Salaries and Wages	480.92	480.92		480.92
Other Expenses	3,747.78	3,747.78	3,445.40	302.38
Engineering Services and Costs				
Other Expenses	4,235.00	4,235.00	750.00	3,485.00

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-12

**STATEMENT OF APPROPRIATION RESERVES**

Sheet 2 of 5

	<b><u>Balance Dec. 31, 2010</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Balance Lapsed</u></b>
Historical Preservation				
Other Expenses	\$ 500.00	\$ 500.00	\$	\$ 500.00
Municipal Land Use Law (N.J.S. 40:55D-1)				
Salaries and Wages	154.14	154.14		154.14
Other Expenses	70.00	70.00		70.00
Police				
Salaries and Wages	37,853.70	37,853.70		37,853.70
Other Expenses	7,014.47	7,014.47	6,969.95	44.52
Purchase of Police Vehicle				
Other Expenses	799.80	799.80	295.00	504.80
Code Enforcement Officer				
Salaries and Wages	200.06	200.06		200.06
Other Expenses	208.60	208.60		208.60
Insurance				
General Liability	488.53	488.53		488.53
Workers' Compensation	1,500.08	1,500.08		1,500.08
Emergency Management Services				
Salaries and Wages	999.68	999.68		999.68
Other Expenses	444.12	444.12		444.12
Emergency Medical Services				
Other Expenses	1,683.22	1,683.22	617.60	1,065.62
Uniform Safety Act				
Salaries and Wages	202.44	202.44		202.44
Other Expenses	450.20	450.20		450.20
Municipal Court				
Salaries and Wages	878.78	878.78		878.78
Other Expenses	2,442.22	2,442.22	93.00	2,349.22

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-12

**STATEMENT OF APPROPRIATION RESERVES**

Sheet 3 of 5

	<b><u>Balance Dec. 31, 2010</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Balance Lapsed</u></b>
Fire	\$ 9,779.50	\$ 9,779.50	\$ 9,288.28	\$ 491.22
Other Expenses				
Municipal Prosecutor				
Salaries and Wages	389.94	389.94		389.94
Other Expenses	100.00	100.00		100.00
Public Defender				
Salaries and Wages	468.16	468.16		468.16
Other Expenses	100.00	100.00		100.00
Road Repairs and Maintenance				
Salaries and Wages	45.04	45.04		45.04
Other Expenses	6,966.66	6,966.66	6,941.21	25.45
Garbage and Trash Removal				
Salaries and Wages	6,343.77	6,343.77		6,343.77
Other Expenses	806.58	806.58	806.58	
Recycling				
Salaries and Wages	165.47	165.47		165.47
Other Expenses	582.00	582.00	582.00	
Public Buildings, Grounds and Lakes				
Salaries and Wages	8,295.00	8,295.00		8,295.00
Other Expenses	1,304.20	1,304.20	1,303.58	.62
Vehicle Maintenance				
Salaries and Wages	500.00	500.00		500.00
Other Expenses	6,987.17	6,987.17	6,980.96	6.21
Animal Control				
Other Expenses	2,451.00	2,451.00	182.00	2,269.00

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-12

**STATEMENT OF APPROPRIATION RESERVES**

Sheet 4 of 5

	<b><u>Balance Dec. 31, 2009</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Balance Lapsed</u></b>
Youth and Recreation				
Salaries and Wages	\$ 566.25	\$ 566.25		\$ 566.25
Other Expenses	2,045.17	2,045.17		2,045.17
Celebration of Public Events				
Other Expenses	2,857.74	2,857.74		2,857.74
Utilities:				
Gasoline	3,126.37	3,126.37	2,903.39	222.98
Electricity	5,892.73	5,892.73	3,596.87	2,295.86
Telephone	3,001.79	3,001.79	2,286.21	715.58
Natural Gas	2,852.96	2,852.96	2,056.64	796.32
Street Lighting	6,615.44	6,615.44	80.36	6,535.08
Fuel	2,612.58	2,612.58	2,404.88	207.70
Telecommunications	2,756.63	2,756.63	374.16	2,382.47
Landfill Disposal Cost - Other Expenses	8,000.00	8,000.00		8,000.00
Deferred Sick Time	26,000.00	26,000.00		26,000.00
Police and Firemen's Retirement System of NJ	6,651.00	6,651.00		6,651.00
Social Security System	10,144.27	10,144.27		10,144.27
Unemployment Compensation Insurance	20,079.41	20,079.41	9,329.21	10,750.20
Defined Contribution Retirement Program	500.00	500.00		500.00
Total Appropriations within Caps	<u>250,621.38</u>	<u>250,621.38</u>	<u>90,186.60</u>	<u>160,434.78</u>

**OPERATIONS EXCLUDED FROM CAPS**

Police				
Salaries and Wages	50.46	50.46		50.46
Other Expenses	2.25	2.25		2.25



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-12

**STATEMENT OF APPROPRIATION RESERVES**

Sheet 5 of 5

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Northeast Housing LLC - Borough of Lakehurst Administration	\$ 11,727.32	\$ 11,727.32		\$ 11,727.32
Salaries and Wages	136.61	136.61		136.61
Other Expenses	<u>11,916.64</u>	<u>11,916.64</u>		<u>11,916.64</u>
Total Appropriations excluded from Caps	<u>\$ 262,538.02</u>	<u>\$ 262,538.02</u>	<u>\$ 90,186.60</u>	<u>\$ 172,351.42</u>
Appropriation Reserves - December 31, 2010	\$ 233,492.85			
Reserve for Encumbrances	<u>29,045.17</u>			
	<u>\$ 262,538.02</u>			
Disbursements			\$ 89,517.85	
Accounts Payable			<u>668.75</u>	
			<u>\$ 90,186.60</u>	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-13**

**SCHEDULE OF ENCUMBRANCES PAYABLE**

Balance December 31, 2010	\$ 29,045.17
Increased by:	
2011 Budget Appropriations	<u>23,819.02</u>
	52,864.19
Decreased by:	
Transfer to Appropriation Reserves	<u>29,045.17</u>
Balance December 31, 2011	<u><u>\$ 23,819.02</u></u>

**SCHEDULE OF ACCOUNTS PAYABLE**

**Exhibit A-14**

Increased by:	
Transfer from Appropriation Reserves	<u>\$ 668.75</u>
Balance December 31, 2011	<u><u>\$ 668.75</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-15**

**SCHEDULE OF COUNTY TAXES PAYABLE**

Balance December 31, 2010		\$ 119.75
Increased by:		
2011 Levy	\$ 653,622.83	
Due County for Added and Omitted Taxes	<u>2,754.87</u>	
		<u>656,377.70</u>
		656,497.45
Decreased by:		
Payments		<u>653,742.58</u>
Balance December 31, 2011		<u><u>\$ 2,754.87</u></u>

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE**

**Exhibit A-16**

Balance December 31, 2010:			
School Tax Payable	\$ 208,124.50		
School Tax Deferred	<u>500,749.00</u>		
		\$ 708,873.50	
Increased by:			
Levy - School Year July 1, 2011 to June 30, 2012	1,137,714.00		
Transferred to Board of Education for Use of Local Schools	<u>9,077.00</u>		
		<u>1,146,791.00</u>	
		1,855,664.50	
Decreased by:			
Payments		<u>1,147,391.00</u>	
Balance December 31, 2011:			
School Tax Payable	207,524.50		
School Tax Deferred	<u>500,749.00</u>		
		<u>\$ 708,273.50</u>	
<b><u>2011 Liability for Local District School Tax</u></b>			
Tax Paid		\$ 1,147,391.00	
Tax Payable December 31, 2011		<u>207,524.50</u>	
		1,354,915.50	
Less:			
Taxes Payable December 31, 2010	\$ 208,124.50		
Transferred to Board of Education for Use of Local Schools	<u>9,077.00</u>		
		<u>217,201.50</u>	
Amount Charged to 2011 Operations		<u><u>\$ 1,137,714.00</u></u>	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-17

**SCHEDULE OF INTERFUNDS - OTHER FUNDS**

	Total (Memo Only)	Animal Control Trust Fund	Other Trust Fund	Payroll Fund	Water-Sewer Operating Fund	General Capital Fund
Balance December 31, 2010 - Due From/(Due To)	\$ 24,368.42	\$	\$ 4,830.90	\$ 9,159.30	\$ 10,200.00	\$ 178.22
Increased/Decreased by:						
Anticipated Revenue	17,000.00					17,000.00
Revenue Accounts Receivable	2,103.71	4.51	1,314.91	48.48		735.81
Disbursements	38,696.18		38,696.18			
Payroll Liability Cancelled	1,937.08			1,937.08		
Total Increases/Decreases	<u>59,736.97</u>	<u>4.51</u>	<u>40,011.09</u>	<u>1,985.56</u>		<u>17,735.81</u>
Total Increases/Decreases and Balances	<u>84,105.39</u>	<u>4.51</u>	<u>44,841.99</u>	<u>11,144.86</u>	<u>10,200.00</u>	<u>17,914.03</u>
Increased/Decreased by:						
Receipts	64,524.09		63,588.53		935.56	
Grant Receivable Cancelled	.47		.47			
Budget Appropriations	72,682.45					72,682.45
Total Increases/Decreases	<u>137,207.01</u>		<u>63,589.00</u>		<u>935.56</u>	<u>72,682.45</u>
Balance December 31, 2011 - Due From/(Due To)	\$ (53,101.62)	\$ 4.51	\$ (18,747.01)	\$ 11,144.86	\$ 9,264.44	\$ (54,768.42)

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-18**

**FEDERAL AND STATE GRANT FUND**

**SCHEDULE OF INTERFUND - CURRENT FUND**

Balance December 31, 2010 - Due From/(Due To)		\$ (101,215.94)
Increased by:		
Grants Receivable Deposits in Current Fund	\$ 147,346.78	
Unappropriated Reserve Deposits in Current Fund	1,266.87	
2011 Budget Appropriations	<u>235,343.20</u>	
		<u>383,956.85</u>
		282,740.91
Decreased by:		
Grant Fund Expenditures Paid in Current Fund	42,257.36	
2011 Anticipated Revenue	<u>233,873.70</u>	
		<u>276,131.06</u>
Balance December 31, 2011 - Due From/(Due To)		\$ <u><u>6,609.85</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-19

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Anticipated Revenue</u>	<u>Unappropriated Reserves Realized</u>	<u>Received</u>	<u>Balance Dec. 31, 2011</u>
	\$	\$	\$	\$	\$
Body Armor Grant	872.06				872.06
Body Armor Grant				4,000.00	
Clean Communities Program		4,000.00		4,000.00	
Click it or Ticket Grant		4,000.00			
Click it or Ticket Grant					900.00
Cops in Shops	900.00				1,600.00
Drunk Driver Prevention		1,600.00		4,400.00	
Emergency Management FY 12 966 Reimbursement Program		4,400.00		4,400.00	
Emergency Management FY 11 966 Reimbursement Program	12,946.00	3,390.35		12,945.00	3,390.35
Emergency Management FY 10 966 Reimbursement Program	114.28				1.00
Federal Vest Program	6,622.50				114.28
Municipal Alliance Grant		5,078.00		2,810.36	6,622.50
Municipal Alliance Grant	9,811.15			1,684.37	2,267.64
NJ DEP Division of Water Quality	10,234.00				8,126.78
NJ Transportation Trust Fund:					10,234.00
Lilac Street		200,000.00		114,050.18	85,949.82
Cedar Phase II	73.61				73.61
Chestnut Street	736.18				736.18
Maple and Cedar	127,486.75				127,486.75
Pine Street	1,557.89				1,557.89
Rose Street	101,265.15				101,265.15
Route 70 Sidewalks	3,382.34				3,382.34
Union Avenue	5,872.14				5,872.14
Willow, Poplar and Cedar Streets	385.47				385.47
Ocean County Recycling Mini Grant	463.00				463.00
Recycling Tonnage Grant		10,116.88	6,660.01	3,456.87	
	<u>\$ 282,722.52</u>	<u>\$ 233,873.70</u>	<u>\$ 7,948.48</u>	<u>\$ 147,346.78</u>	<u>\$ 361,300.96</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

FEDERAL AND STATE GRANT FUND

SCHEDULE OF APPROPRIATED RESERVES

	<u>Balance</u> Dec. 31, 2010 \$	<u>Transfer from</u> 2011 Budget Appropriation \$	<u>Reserve for</u> Encumbrances \$	<u>Expended</u> \$	<u>Balance</u> Dec. 31, 2011 \$
Aggressive Driving Enforcement Grant	350.00				350.00
Alcohol Education and Rehabilitation Grant	545.13				545.13
Body Armor Grant	1,613.64	1,288.47			1,288.47
Body Armor Grant					1,613.64
Clean Communities Program	4,018.18	4,000.00			4,000.00
Clean Communities Program - Prior Years	1,313.94		469.81	3,128.98	889.20
Click It or Ticket Grant		4,000.00		4,000.00	969.81
Click It or Ticket Grant - Prior Years	1,175.00				1,175.00
Community Development Block Grant	865.50				865.50
Cops in Shops		1,600.00		1,600.00	
Cops in Shops - Prior Years	3,720.00			4,300.00	3,720.00
Drunk Driver Prevention		4,400.00		1,000.00	100.00
Drunk Driving Enforcement Fund	2,201.53			1,000.00	1,201.53
Emergency Management FY 10 966 Reimbursement Program	114.28			12,945.30	114.28
Emergency Management FY 11 966 Reimbursement Program	.70		12,945.30	1,180.35	.70
Emergency Management FY 12 966 Reimbursement Program		3,390.35		5,078.00	2,210.00
Federal Vest Program				1,054.26	5,790.03
Municipal Alliance Grant	5,790.03				415.24
Grant Portion		5,078.00		326.83	9,289.17
Matching Portion		1,469.50		889.37	1,101.25
Municipal Alliance Grant - Prior Years					27,288.00
Grant Portion	9,616.00				4,668.55
Matching Portion	889.37		1,101.25		3,399.30
NJ DEP Division of Water Quality	27,288.00				200,000.00
NJ DOT:					19,562.84
Birch Street	4,668.55				42,434.41
Cedar Phase II	3,399.30				217.87
Lilac Street		200,000.00			11,571.44
Maple and Cedar Streets					24,223.42
Maple Street	19,562.84				463.00
Orange and Laurel Streets	42,434.41				
Pine Street	217.87				
Rose Street	11,571.44			1,205.60	11,571.44
Recycling Mini Grant	24,223.42				23,017.82
Recycling Tonnage Grant	463.00				463.00
Recycling Tonnage Grant - Prior Years	5,500.22	10,116.88		5,963.08	4,153.80
SLA HEOP Grant	3,412.00			3,412.00	5,500.22
	<u>\$ 174,954.35</u>	<u>\$ 235,343.20</u>	<u>\$ 14,516.36</u>	<u>\$ 46,897.71</u>	<u>\$ 377,916.20</u>
Reserve for Encumbrances				<u>\$ 4,640.35</u>	
Interfund - Current Fund				<u>42,257.36</u>	
				<u>\$ 46,897.71</u>	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-21

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Received</u>	<u>Appropriated</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<b>Grant</b>				
Alcohol Education Rehabilitation	\$ .87	\$ 1,266.87	\$ 1,288.47	\$ 1,266.87
Body Armor Grant	1,288.47		6,660.01	
Recycling Tonnage Grant	6,660.01			
	<u>\$ 7,949.35</u>	<u>\$ 1,266.87</u>	<u>\$ 7,948.48</u>	<u>\$ 1,267.74</u>



BOROUGH OF LAKEHURST - COUNTY OF OCEAN

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>
	\$ 3,232.00	\$ 304,570.73
Balance December 31, 2010		
Increased by Receipts:		
Due State of New Jersey	\$ 450.60	
Dog Licenses and Other Fees	1,866.00	
Interest Earned	4.51	358.97
Miscellaneous Reserves		<u>31,990.91</u>
	<u>2,321.11</u>	32,349.88
	5,553.11	<u>336,920.61</u>
Decreased by Disbursements:		
Due State of New Jersey	449.40	
Animal Control Trust Fund Expenditures	3,346.00	
Miscellaneous Reserves		50,873.24
Reserve for Community Development Block Grant		<u>30,174.51</u>
	<u>3,795.40</u>	81,047.75
Balance December 31, 2011	\$ <u>1,757.71</u>	\$ <u>255,872.86</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**ANIMAL CONTROL TRUST FUND**

**Exhibit B-2**

**SCHEDULE OF DUE STATE OF NEW JERSEY**

Increased by:		
Fees Collected		\$ 450.60
Decreased by:		
Payments to State of New Jersey		<u>449.40</u>
Balance December 31, 2011		\$ <u><u>1.20</u></u>

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL**

**TRUST FUND EXPENDITURES**

**Exhibit B-3**

Balance December 31, 2010			\$ 3,232.00
Increased by:			
Animal Control License Fees Collected	\$ 1,596.00		
Late Fees	<u>270.00</u>		
			<u>1,866.00</u>
			<u>5,098.00</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11	3,346.00		
Reserve for Encumbrances	<u>63.40</u>		
			<u>3,409.40</u>
Balance December 31, 2011			\$ <u><u>1,688.60</u></u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2010	\$ <u>1,771.00</u>
2009	<u>1,589.00</u>
	\$ <u><u>3,360.00</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**ANIMAL CONTROL TRUST FUND**

**Exhibit B-4**

**SCHEDULE OF INTERFUND - CURRENT FUND**

Increased by:		
Interest Earned		\$ <u>4.51</u>
Balance December 31, 2011 - Due To		\$ <u><u>4.51</u></u>

**OTHER TRUST FUND**

**SCHEDULE OF INTERFUND - CURRENT FUND**

**Exhibit B-5**

Balance December 31, 2010 - Due From/(Due To)		\$ (4,830.90)
Increased by:		
Interest Earned	\$ 358.97	
Miscellaneous Reserves	<u>39,652.12</u>	
		<u>(40,011.09)</u>
Decreased by:		<u>(44,841.99)</u>
Grant Receipts Deposited in Current Fund	30,766.59	
Miscellaneous Reserves	32,821.94	
Grant Receivable Cancelled	<u>.47</u>	
		<u>63,589.00</u>
Balance December 31, 2011 - Due From/(Due To)		\$ <u><u>18,747.01</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**OTHER TRUST FUND**

Exhibit B-6

**SCHEDULE OF MISCELLANEOUS RESERVES**

	<b>Balance Dec. 31, 2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec. 31, 2011</b>
Accumulated Sick Leave	\$ 43,359.56		\$ 9,769.05	\$ 33,590.51
Board of Recreation Commissioners	23,044.35	9,748.50	12,121.28	20,671.57
Escrow Accounts	164,732.59	444.56	141,040.41	24,136.74
Municipal Alliance Program	280.55			280.55
Parking Offense Adjudication Act	622.73	26.00		648.73
Performance Bonds		99,607.03	510.00	99,097.03
Police Forfeiture Funds	6,629.61	6,272.39	565.00	12,337.00
Police Off Duty		36,001.46	215.30	35,786.16
Premium on Tax Sale	7,600.00	3,825.00	7,625.00	3,800.00
Public Defender	16,142.50	7,738.50	2,894.24	20,986.76
Snow Removal	30,415.48	5,737.46	20,223.13	15,929.81
Third Party Tax Title Lien Redemption		28,796.94	28,796.94	
Unemployment	5,643.95			5,643.95
Uniform Fire Safety Act - Penalty Monies	962.06	200.00		1,162.06
World Trade Center Fund	549.00			549.00
	\$ 299,982.38	\$ 198,397.84	\$ 223,760.35	\$ 274,619.87
Receipts				
Disbursements		\$ 31,990.91	\$ 50,873.24	
Reserve for Encumbrances		350.00		
Intrafund Transfer		133,234.99	133,234.99	
Interfunds		32,821.94	39,652.12	
		\$ 198,397.84	\$ 223,760.35	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**OTHER TRUST FUND**

**Exhibit B-7**

**SCHEDULE OF COMMUNITY DEVELOPMENT**

**BLOCK GRANT FUNDS RECEIVABLE**

	<u>Total</u>	<u>CT 932 11</u>	<u>CT 877 09</u>	<u>CT 592</u>
Balance December 31, 2010	\$ 967.34	\$	\$ 966.87	\$ .47
Increased by:				
Awards	42,000.00	42,000.00		
Total Increases and Balances	<u>42,967.34</u>	<u>42,000.00</u>	<u>966.87</u>	<u>.47</u>
Decreased by:				
Grants Cancelled	966.87		966.87	
Interfund - Current Fund:				
Receipts	30,766.59	30,766.59		
Grants Cancelled	.47			.47
Total Decreases	<u>31,733.93</u>	<u>30,766.59</u>	<u>966.87</u>	<u>.47</u>
Balance December 31, 2011	\$ <u>11,233.41</u>	\$ <u>11,233.41</u>	\$	\$

**SCHEDULE OF RESERVE FOR COMMUNITY**

**DEVELOPMENT BLOCK GRANT FUNDS**

**Exhibit B-8**

Balance December 31, 2010			\$ 374.79
Increased by:			
Awards			<u>42,000.00</u>
			<u>42,374.79</u>
Decreased by:			
Disbursements		\$ 30,174.51	
Grants Cancelled		<u>966.87</u>	
			<u>31,141.38</u>
Balance December 31, 2011			\$ <u>11,233.41</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-2**

**SCHEDULE OF CASH**

Balance December 31, 2010		\$ 629,755.87
Increased by Receipts:		
Interfunds		<u>118,735.81</u>
		748,491.68
Decreased by Disbursements:		
Interfunds	\$ 212,807.48	
Improvement Authorizations	<u>9,483.54</u>	
		<u>222,291.02</u>
Balance December 31, 2011		<u>\$ 526,200.66</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**ANALYSIS OF CASH**

Exhibit C-3

	Balance Dec. 31, 2010	Receipts Interfunds	Disbursements		Transfers		Balance Dec. 31, 2011
			Improvement Authorizations	Interfunds	From	To	
Fund Balance	\$ 17,376.34	\$	\$	\$	\$ 17,000.00	\$	\$ 376.34
Capital Improvement Fund	82,019.24					4,685.42	86,704.66
Grants Receivable	(32,487.35)					30,665.85	(1,821.50)
Reserve for Payment of Bonds	500.00						500.00
Reserve for Encumbrances	16,007.51				16,007.51		
Reserve for NJ DOT Ordinance #02-03	30,665.85				30,665.85		
Interfunds:							
Current Fund	178.22	735.81		72,682.45		17,000.00	(54,768.42)
Grant Fund	15,913.48			140,125.03			15,913.48
Water-Sewer Utility Operating Fund		118,000.00					(22,125.03)
Water-Sewer Utility Capital Fund	100,000.00						100,000.00
Improvement Authorizations:							
<b>Ordinance</b>							
<b>Number</b>	<b>Improvement Description</b>						
93-10, 94-07	Various Improvements				3,660.00		
93-14	Road Construction Chestnut Street				900.00		
94-08	Various Improvements				90.00		
95-10	Various Improvements	1,013.28				199.80	1,213.08
00-04	Preliminary Expenses - New Municipal Building	(23,916.52)			9,000.00		(23,916.52)
00-09	Various Improvements	18,041.50			9,947.00		8,094.50
00-10	Acquisition of Various Properties for New Municipal Building	1,971.07					1,971.07
01-05	Improvements to Oak Street				35.42		
03-04	Various Improvements	39,920.18	6,975.54			2,122.29	35,066.93
05-17	Emergency Management Services Building	499.38	499.38				
07-07	Construction of Police Station	22,408.48	1,458.62				20,949.86
08-09	Improvements to Lake Horicon Dam	267,569.89	550.00				267,019.89
09-02	Acquisition of New Garbage Truck	72,075.32					72,075.32
		\$ 629,755.87	\$ 9,483.54	\$ 212,807.48	\$ 87,305.78	\$ 87,305.78	\$ 526,200.66

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-4**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE**

**TAXATION - FUNDED**

Balance December 31, 2010	\$ 3,505,583.67
Decreased by:	
2011 Budget Appropriation to Pay	
USDA Rural Development Loans	<u>67,778.68</u>
Balance December 31, 2011	<u>\$ 3,437,804.99</u>



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

Exhibit C-5

**GENERAL CAPITAL FUND**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	Notes Paid by Budget Appropriation	Balance Dec. 31, 2011	Bond Anticipation Notes	Analysis of Balance Dec. 31, 2011	
						Expended	Unexpended Improvement Authorization
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	\$ 19,356.00	\$	\$ 19,356.00	\$	\$	\$ 19,356.00
00-04	Preliminary Expenses - New Municipal Building	47,500.00		47,500.00		23,916.52	23,583.48
00-09	Various Improvements	35,900.00		35,900.00			35,900.00
03-04	Various Improvements	129,180.00	41,600.00	87,580.00	41,555.00		46,025.00
05-22	Emergency Management Services Building	45,000.00	11,250.00	33,750.00	33,750.00		
06-08	Construction of Emergency Services Complex	332,500.00	10,400.00	322,100.00	322,100.00		
08-09	Improvements to Lake Horicon Dam	285,000.00		285,000.00	285,000.00		
09-02	Acquisition of New Garbage Truck	250,000.00		250,000.00	250,000.00		
		<u>\$ 1,144,436.00</u>	<u>\$ 63,250.00</u>	<u>\$ 1,081,186.00</u>	<u>\$ 932,405.00</u>	<u>\$ 23,916.52</u>	<u>\$ 124,864.48</u>
	Improvement Authorizations - Unfunded						\$ 499,026.62
	Less: Unexpended Proceeds of Bond Anticipation Notes:						

Ordinance Number	Improvement Description	
03-04	Various Capital Improvements	\$ 35,066.93
08-09	Improvements to Lake Horicon Dam	267,019.89
09-02	Acquisition of New Garbage Truck	<u>72,075.32</u>
		<u>374,162.14</u>
		\$ 124,864.48

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Grant Fund	Water-Sewer Utility Operating Fund	Water-Sewer Utility Capital Fund
Balance December 31, 2010 - Due From/(Due To)	\$ (116,091.70)	\$ (178.22)	\$ (15,913.48)	\$	\$ (100,000.00)
Increased by:					
Receipts	(118,735.81)	(735.81)		(118,000.00)	
Appropriated in Current Fund - Fund Balance	(17,000.00)	(17,000.00)			
Total Increases	<u>(135,735.81)</u>	<u>(17,735.81)</u>		<u>(118,000.00)</u>	
Total Increases and Balances	<u>(251,827.51)</u>	<u>(17,914.03)</u>	<u>(15,913.48)</u>	<u>(118,000.00)</u>	<u>(100,000.00)</u>
Decreased by:					
Disbursements	212,807.48	72,682.45		140,125.03	
Balance December 31, 2011 - Due From/(Due To)	\$ (39,020.03)	\$ 54,768.42	\$ (15,913.48)	\$ 22,125.03	\$ (100,000.00)

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-7**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010			\$ 82,019.24
Increased by:			
Improvement Authorizations Cancelled:			
Ordinance No. 93-14, Road Improvements to Chestnut Street	\$ 900.00		
Ordinance No. 93-10,94-07, Various Improvements	3,660.00		
Ordinance No. 94-08, Various Improvements	90.00		
Ordinance No. 01-05, Improvements to Oak Street	35.42		
		<u>4,685.42</u>	
Balance December 31, 2011			<u>\$ 86,704.66</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-8

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2010		Reserve for Encumbrances	Paid or Charged	Cancelled	Balance Dec. 31, 2011	
				Funded	Unfunded				Funded	Unfunded
93-10, 94-07	Various Improvements	7/01/1993	\$ 85,000.00			\$ 3,660.00		\$ 3,660.00		
93-14	Road Improvements Chestnut Street	10/07/1993	123,000.00			900.00		900.00		
94-08	Various Improvements	12/15/1994	225,750.00			90.00		90.00		
95-10	Various Improvements	9/21/1995	44,000.00	1,013.28		199.80			1,213.08	
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	8/19/1999	50,000.00		19,356.00					19,356.00
00-04	Preliminary Expenses - New Municipal Building	3/16/2000	50,000.00				9,000.00			23,583.48
00-09	Various Improvements	9/07/2000	122,760.00	18,041.50		9,000.00	9,947.00		8,094.50	35,900.00
00-10	Acquisition of Various Properties for New Municipal Building	10/05/2000	325,000.00	1,971.07					1,971.07	
01-05	Improvements to Oak Street	4/19/2001	175,000.00			35.42		35.42		
03-04	Various Improvements	4/02/2003	279,500.00			2,122.29				81,091.93
05-17	Emergency Management Services Building	4/21/2005	2,000,000.00	499.38			6,975.54			
07-07	Construction of a Police Station	10/18/2007	1,500,000.00	22,408.48			1,458.62		20,949.86	
08-09	Improvements to Lake Horicon Dam	7/17/2008	300,000.00				550.00			267,019.89
09-02	Acquisition of New Garbage Truck	3/19/2009	262,500.00			72,075.32				72,075.32
				\$ 43,933.71	\$ 504,429.87	\$ 16,007.51	\$ 28,430.54	\$ 4,685.42	\$ 32,228.51	\$ 499,026.62
	Reserve for Encumbrances						\$ 18,947.00			
	Disbursements						9,483.54			
							\$ 28,430.54			

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-9

**SCHEDULE OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2011</u>
03-04	Various Improvements	7/15/2003	4/20/2011	4/05/2012	2.63%	\$ 83,155.00	\$ 41,600.00	\$ 41,555.00
05-22	Emergency Management Services Building	8/08/2006	4/20/2011	4/05/2012	2.63%	45,000.00	11,250.00	33,750.00
06-08	Construction of Emergency Services Complex	4/25/2008	4/20/2011	4/05/2012	2.63%	332,500.00	10,400.00	322,100.00
08-09	Improvements to Lake Horicon Dam	4/23/2010	4/20/2011	4/05/2012	2.63%	285,000.00		285,000.00
09-02	Acquisition of New Garbage Truck	4/24/2009	4/20/2011	4/05/2012	2.63%	250,000.00		250,000.00
						\$ 995,655.00	\$ 63,250.00	\$ 932,405.00

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

Sheet 1 of 3

SCHEDULE OF USDA LOAN PAYABLE

<u>Purpose</u>	<u>Original Date of Issue</u>	<u>Original Amount Issued</u>	<u>Loan Maturities Outstanding Dec. 31, 2011</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2011</u>				
Emergency Management Services Building	7/26/2007	\$ 2,210,000.00	<table border="0"> <tr> <td><u>Date</u></td> <td><u>Amount</u></td> </tr> <tr> <td>1/26/2012-37</td> <td>See C-10</td> </tr> </table>	<u>Date</u>	<u>Amount</u>	1/26/2012-37	See C-10	4.25%	\$ 2,092,737.52	\$ 42,548.72	\$ 2,050,188.80
<u>Date</u>	<u>Amount</u>										
1/26/2012-37	See C-10										

Sheet 2 of 3

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-10**

**SCHEDULE OF USDA RURAL DEVELOPMENT LOAN PAYABLE**

**Sheet 2 of 3**

**MATURITY SCHEDULE**

<b><u>Due</u></b>	<b><u>Loan Balance</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Payment</u></b>
1/26/2012	\$ 2,049,711.24	\$ 21,965.44	\$ 43,561.56	\$ 65,527.00
7/26/2012	2,027,279.04	22,432.20	43,094.80	65,527.00
1/26/2013	2,004,370.15	22,908.89	42,618.11	65,527.00
7/26/2013	1,980,974.45	23,395.70	42,131.30	65,527.00
1/26/2014	1,957,081.59	23,892.86	41,634.14	65,527.00
7/26/2014	1,932,681.01	24,400.58	41,126.42	65,527.00
1/26/2015	1,907,761.92	24,919.09	40,607.91	65,527.00
7/26/2015	1,882,313.30	25,448.62	40,078.38	65,527.00
1/26/2016	1,856,323.89	25,989.41	39,537.59	65,527.00
7/26/2016	1,829,782.21	26,541.68	38,985.32	65,527.00
1/26/2017	1,802,676.52	27,105.69	38,421.31	65,527.00
7/26/2017	1,774,994.83	27,681.69	37,845.31	65,527.00
1/26/2018	1,746,724.91	28,269.92	37,257.08	65,527.00
7/26/2018	1,717,854.25	28,870.66	36,656.34	65,527.00
1/26/2019	1,688,370.09	29,484.16	36,042.84	65,527.00
7/26/2019	1,658,259.39	30,110.70	35,416.30	65,527.00
1/26/2020	1,627,508.84	30,750.55	34,776.45	65,527.00
7/26/2020	1,596,104.84	31,404.00	34,123.00	65,527.00
1/26/2021	1,564,033.50	32,071.34	33,455.66	65,527.00
7/26/2021	1,531,280.65	32,752.85	32,774.15	65,527.00
1/26/2022	1,497,831.80	33,448.85	32,078.15	65,527.00
7/26/2022	1,463,672.16	34,159.64	31,367.36	65,527.00
1/26/2023	1,428,786.63	34,885.53	30,641.47	65,527.00
7/26/2023	1,393,159.78	35,626.85	29,900.15	65,527.00
1/26/2024	1,356,775.86	36,383.92	29,143.08	65,527.00
7/26/2024	1,319,618.78	37,157.08	28,369.92	65,527.00
1/26/2025	1,281,672.11	37,946.67	27,580.33	65,527.00
7/26/2025	1,242,919.08	38,753.03	26,773.97	65,527.00
1/26/2026	1,203,342.55	39,576.53	25,950.47	65,527.00
7/26/2026	1,100,786.78	40,417.54	25,109.46	65,527.00
1/26/2027	1,099,927.91	41,276.41	24,250.59	65,527.00
7/26/2027	1,057,774.38	42,153.53	23,373.47	65,527.00
1/26/2028	1,014,725.09	43,049.29	22,477.71	65,527.00
7/26/2028	970,761.00	43,964.09	21,562.91	65,527.00
1/26/2029	925,862.67	44,898.33	20,628.67	65,527.00
7/26/2029	880,010.25	45,852.42	19,674.58	65,527.00
1/26/2030	833,183.47	46,826.78	18,700.22	65,527.00
7/26/2030	785,361.62	47,821.85	17,705.15	65,527.00
1/26/2031	736,523.55	48,838.07	16,688.93	65,527.00
7/26/2031	686,647.68	49,875.87	15,651.13	65,527.00

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-10**

**SCHEDULE OF USDA RURAL DEVELOPMENT LOAN PAYABLE**

**Sheet 3 of 3**

**MATURITY SCHEDULE**

<b><u>Due</u></b>	<b><u>Loan Balance</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Payment</u></b>
1/26/2032	\$ 635,711.94	\$ 50,935.74	\$ 14,591.26	\$ 65,527.00
7/26/2032	583,693.82	52,018.12	13,508.88	65,527.00
1/26/2033	530,570.31	53,123.51	12,403.49	65,527.00
7/26/2033	476,317.93	54,252.38	11,274.62	65,527.00
1/26/2034	420,912.69	55,405.24	10,121.76	65,527.00
7/26/2034	364,330.08	56,582.61	8,944.39	65,527.00
1/26/2035	306,545.09	57,784.99	7,742.01	65,527.00
7/26/2035	247,532.17	59,012.92	6,514.08	65,527.00
1/26/2036	187,265.23	60,266.94	5,260.06	65,527.00
7/26/2036	125,717.62	61,547.61	3,979.39	65,527.00
1/26/2037	62,862.12	62,855.50	2,671.50	65,527.00
7/26/2037	-0-	62,862.12	1,335.82	64,197.94
		<u>2,049,955.99</u>	<u>1,356,118.95</u>	<u>3,406,074.94</u>
Adjustment		<u>232.81</u>	<u>(232.81)</u>	
Total		<u>\$ 2,050,188.80</u>	<u>\$ 1,355,886.14</u>	<u>\$ 3,406,074.94</u>



BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF USDA LOAN PAYABLE

Sheet 1 of 3

<u>Purpose</u>	<u>Original Date of Issue</u>	<u>Original Amount Issued</u>	<u>Loan Maturities Outstanding</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2011</u>
Construction of Police Station	4/23/2010	\$ 1,425,000.00		4/23/2012-40	See C-11 Sheet 2 of 3	4.125%	\$ 1,412,846.15	\$ 25,229.96	\$ 1,387,616.19

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-11**

**SCHEDULE OF USDA RURAL DEVELOPMENT LOAN PAYABLE**

**Sheet 2 of 3**

**MATURITY SCHEDULE**

<b><u>Due</u></b>	<b><u>Loan Balance</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Payment</u></b>
4/23/2012	\$ 1,374,530.01	\$ 13,007.05	\$ 28,617.95	\$ 41,625.00
10/23/2012	1,361,254.69	13,275.32	28,349.68	41,625.00
4/23/2013	1,347,705.57	13,549.12	28,075.88	41,625.00
10/23/2013	1,333,877.00	13,828.57	27,796.43	41,625.00
4/23/2014	1,319,763.21	14,113.79	27,511.21	41,625.00
10/23/2014	1,305,358.33	14,404.88	27,220.12	41,625.00
4/23/2015	1,290,656.35	14,701.98	26,923.02	41,625.00
10/23/2015	1,275,651.14	15,005.21	26,619.79	41,625.00
4/23/2016	1,260,336.44	15,314.70	26,310.30	41,625.00
10/23/2016	1,244,705.88	15,630.56	25,994.44	41,625.00
4/23/2017	1,228,752.94	15,952.94	25,672.06	41,625.00
10/23/2017	1,212,470.97	16,281.97	25,343.03	41,625.00
4/23/2018	1,195,853.18	16,617.79	25,007.21	41,625.00
10/23/2018	1,178,892.65	16,960.53	24,664.47	41,625.00
4/23/2019	1,161,582.31	17,310.34	24,314.66	41,625.00
10/23/2019	1,143,914.95	17,667.36	23,957.64	41,625.00
4/23/2020	1,125,883.20	18,031.75	23,593.25	41,625.00
10/23/2020	1,107,479.54	18,403.66	23,221.34	41,625.00
4/23/2021	1,088,696.31	18,783.23	22,841.77	41,625.00
10/23/2021	1,069,525.67	19,170.64	22,454.36	41,625.00
4/23/2022	1,049,959.64	19,566.03	22,058.97	41,625.00
10/23/2022	1,029,990.06	19,969.58	21,655.42	41,625.00
4/23/2023	1,009,608.60	20,381.46	21,243.54	41,625.00
10/23/2023	988,806.78	20,801.82	20,823.18	41,625.00
4/23/2024	967,575.92	21,230.86	20,394.14	41,625.00
10/23/2024	945,907.17	21,668.75	19,956.25	41,625.00
4/23/2025	923,791.51	22,115.66	19,509.34	41,625.00
10/23/2025	901,219.71	22,571.80	19,053.20	41,625.00
4/23/2026	878,182.37	23,037.34	18,587.66	41,625.00
10/23/2026	854,669.88	23,512.49	18,112.51	41,625.00
4/23/2027	830,672.45	23,997.43	17,627.57	41,625.00
10/23/2027	806,180.07	24,492.38	17,132.62	41,625.00
4/23/2028	781,182.53	24,997.54	16,627.46	41,625.00
10/23/2028	755,669.42	25,513.11	16,111.89	41,625.00
4/23/2029	729,630.10	26,039.32	15,585.68	41,625.00
10/23/2029	703,053.72	26,576.38	15,048.62	41,625.00
4/23/2030	675,929.20	27,124.52	14,500.48	41,625.00
10/23/2030	648,245.24	27,683.96	13,941.04	41,625.00
4/23/2031	619,990.30	28,254.94	13,370.06	41,625.00
10/23/2031	591,152.60	28,837.70	12,787.30	41,625.00

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

Exhibit C-11

**SCHEDULE OF USDA RURAL DEVELOPMENT LOAN PAYABLE**

Sheet 3 of 3

**MATURITY SCHEDULE**

<u>Due</u>	<u>Loan Balance</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
04/23/2032	\$ 561,720.12	\$ 29,432.48	\$ 12,192.52	\$ 41,625.00
10/23/2032	531,680.60	30,039.52	11,585.48	41,625.00
04/23/2033	501,021.51	30,659.09	10,965.91	41,625.00
10/23/2033	469,730.08	31,291.43	10,333.57	41,625.00
04/23/2034	437,793.26	31,936.82	9,688.18	41,625.00
10/23/2034	405,197.75	32,595.51	9,029.49	41,625.00
04/23/2035	371,929.95	33,267.80	8,357.20	41,625.00
10/23/2035	337,976.00	33,953.95	7,671.05	41,625.00
04/23/2036	303,321.75	34,654.25	6,970.75	41,625.00
10/23/2036	267,952.76	35,368.99	6,256.01	41,625.00
04/23/2037	231,854.29	36,098.47	5,526.53	41,625.00
10/23/2037	195,011.28	36,843.01	4,781.99	41,625.00
04/23/2038	157,408.39	37,602.89	4,022.11	41,625.00
10/23/2038	119,029.94	38,378.45	3,246.55	41,625.00
04/23/2039	79,859.93	39,170.01	2,454.99	41,625.00
10/23/2039	39,882.02	39,977.91	1,647.09	41,625.00
04/23/2040	-0-	39,882.02		39,882.02
Total		<u>1,387,537.06</u>	<u>\$ 983,344.96</u>	<u>\$ 2,370,882.02</u>
Adjustment		<u>79.13</u>	<u>(79.13)</u>	
		<u>\$ 1,387,616.19</u>	<u>\$ 983,265.83</u>	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**GENERAL CAPITAL FUND**

**Exhibit C-12**

**SCHEDULE OF BONDS AND NOTES AUTHORIZED**

**BUT NOT ISSUED**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2011</u></b>
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	\$ 19,356.00
00-04	Preliminary Expenses - Acquisition of New Municipal Building	47,500.00
00-09	Various Improvements	35,900.00
03-04	Various Improvements	46,025.00
		<u>\$ 148,781.00</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-4**

**SCHEDULE OF WATER-SEWER UTILITY CASH - TREASURER**

Balance December 31, 2010		\$ 309,898.28
Increased by Receipts:		
Prepaid Consumer Accounts	\$ 1,702.25	
Miscellaneous	4,967.36	
Consumer Accounts Receivable	886,994.12	
Bond Anticipation Notes Payable	500,000.00	
Premium on Bond Anticipation Notes	30.00	
	<u>                    </u>	
		1,393,693.73
		<u>1,703,592.01</u>
Decreased by Disbursements:		
2011 Appropriations	802,357.49	
2010 Appropriation Reserves	16,856.28	
Accrued Interest on Bonds, Loans and Notes	41,261.37	
Interfund - Utility Capital Fund	67,930.73	
	<u>                    </u>	
		928,405.87
Balance December 31, 2011		\$ <u><u>775,186.14</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-5

**ANALYSIS OF WATER-SEWER UTILITY CAPITAL CASH**

	Balance Dec. 31, 2010	Transfers		Balance Dec. 31, 2011
		From	To	
Capital Improvement Fund	\$ 58,785.00	\$ 42,500.00	\$ 4,303.54	\$ 20,588.54
Interfunds:				
Water-Sewer Utility Operating Fund	(32,183.14)	500,030.00	67,930.73	(464,282.41)
General Capital Fund	(100,000.00)			(100,000.00)
USDA Grant Receivable	(56,611.31)		56,611.31	
Reserve for Encumbrances			748.07	748.07
Fund Balance	40.92		30.00	70.92
<b>Ordinance</b>				
<b>Number</b>				
97-11				
00-08	60,914.85	60,914.85		(21,560.00)
03-05	(21,560.00)			(14,160.05)
09-14	(9,386.32)	4,773.73		46,010.00
11-03	100,000.00	53,990.00		532,584.93
		9,915.07	542,500.00	
	\$	\$ 672,123.65	\$ 672,123.65	\$

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-6**

**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2010		\$ 77,454.97
Increased by:		
Consumer Accounts Receivable		<u>911,718.32</u>
Decreased by:		
Collections	\$ 886,994.12	
Prepayments Applied	1,270.35	
Interfund - Current Fund	<u>872.76</u>	
		<u>889,137.23</u>
Balance December 31, 2011		<u><u>\$ 100,036.06</u></u>

**WATER-SEWER UTILITY OPERATING FUND**

**SCHEDULE OF UTILITY LIENS**

**Exhibit D-7**

Balance December 31, 2010 and 2011		<u><u>\$ 4,297.87</u></u>
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**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-8**

**SCHEDULE OF FIXED CAPITAL**

	<b>Balance Dec. 31, 2010</b>	<b>Additions Ordinance</b>	<b>Balance Dec. 31, 2011</b>
Water-Sewer System	\$ 3,054,650.98	\$ 56,611.31	\$ 3,111,262.29
Water Improvements	204,844.71		204,844.71
Jet Truck for Sewers	35,000.00		35,000.00
Boiler Replacement	6,695.00		6,695.00
Replacement of Water Lines - Chestnut Street	27,000.00		27,000.00
Refurbish Sewer Lift Pump	4,480.00		4,480.00
Computer Equipment	23,000.00		23,000.00
Purchase of Water Meters	14,959.08		14,959.08
Utility Truck	46,800.00		46,800.00
	<u>\$ 3,417,429.77</u>	<u>\$ 56,611.31</u>	<u>\$ 3,474,041.08</u>



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-9

**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010	2011 Authorizations	Costs to Fixed Capital	Authorizations Cancelled	Balance Dec. 31, 2011
		Date	Amount					
97-11	Various Water-Sewer Improvements	11/06/1997	\$ 1,800,000.00	\$ 60,914.85	\$	\$ 56,611.31	\$ 4,303.54	\$ 30,611.34
03-05	Various Water-Sewer Improvements	4/03/2003	135,000.00	30,611.34				100,000.00
09-14	Improvements to Well No. 16	9/17/2009	100,000.00	100,000.00				850,000.00
11-03	Water Tower Improvements	9/01/2011	850,000.00		850,000.00			
				\$ 191,526.19	\$ 850,000.00	\$ 56,611.31	\$ 4,303.54	\$ 980,611.34

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

Exhibit D-10

**SCHEDULE OF APPROPRIATION RESERVES**

	<u>Balance Dec. 31, 2010</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 603.08	\$	\$ 603.08	\$	\$ 603.08
Other Expenses	24,513.34	11,743.67	36,257.01	17,799.28	18,457.73
Audit and Professional	9,000.00		9,000.00		9,000.00
Ocean County Utilities Authority	808.80		808.80		808.80
Capital Improvements:					
Capital Outlay	9,740.00		9,740.00		9,740.00
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	211.92		211.92		211.92
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	<u>1,000.00</u>		<u>1,000.00</u>		<u>1,000.00</u>
	\$ <u>45,877.14</u>	\$ <u>11,743.67</u>	\$ <u>57,620.81</u>	\$ <u>17,799.28</u>	\$ <u>39,821.53</u>
Accounts Payable				\$ 943.00	
Disbursed				<u>16,856.28</u>	
				\$ <u>17,799.28</u>	

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-11**

**SCHEDULE OF INTERFUNDS**

	<b>Total (Memo Only)</b>	<b>Current Fund</b>	<b>General Capital Fund</b>	<b>Water-Sewer Capital Fund</b>
Balance December 31, 2010 - Due From/(Due To)	\$ (42,383.14)	\$ (10,200.00)	\$	\$ (32,183.14)
Increased by:				
Debt Service Paid by General Capital Fund	(22,125.03)		(22,125.03)	
Bond Anticipation Notes Payable	(500,000.00)			(500,000.00)
Premium on Bond Anticipation Notes	(30.00)			(30.00)
Total Increases	<u>(522,155.03)</u>		<u>(22,125.03)</u>	<u>(500,030.00)</u>
Total Increases and Balances	<u>(564,538.17)</u>	<u>(10,200.00)</u>	<u>(22,125.03)</u>	<u>(532,213.14)</u>
Decreased by:				
Water-Sewer Expenditures Paid by Water-Sewer Utility Operating Fund	67,930.73			67,930.73
Deposited in Current Fund:				
Consumer Accounts Receivable	872.76	872.76		
Miscellaneous Revenue	62.80	62.80		
	<u>68,866.29</u>	<u>935.56</u>		<u>67,930.73</u>
Balance December 31, 2011 - Due From/(Due To)	\$ (495,671.88)	\$ (9,264.44)	\$ (22,125.03)	\$ (464,282.41)

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY OPERATING FUND**

**Exhibit D-12**

**SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS**

Balance December 31, 2010	\$ 4,758.87
Increased by:	
Budget Appropriations	<u>42,414.68</u>
	47,173.55
Decreased by:	
Disbursements	<u>41,261.37</u>
Balance December 31, 2011	<u>\$ 5,912.18</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-13

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2010		2011 Authorizations Capital Improvement Fund	Deferred Charges to Revenue	Paid or Charged	Authorizations Cancelled	Grant Adjustment	Balance Dec. 31, 2011	
				Funded	Unfunded						Funded	Unfunded
97-11	Various Water-Sewer Improvements	11/06/1997	\$ 1,800,000.00	\$ 60,914.85	\$ 23,863.68			4,773.73	4,303.54	\$ 56,611.31		\$ 19,089.95
03-05	Various Water-Sewer Improvements	4/03/2003	135,000.00		100,000.00			53,990.00				46,010.00
09-14	Improvements to Well No. 16	9/17/2009	100,000.00			42,500.00	807,500.00	9,915.07				32,584.93
11-03	Water Tower Improvements	9/01/2011	850,000.00									
				\$ 60,914.85	\$ 123,863.68	\$ 42,500.00	\$ 807,500.00	\$ 68,678.80	\$ 4,303.54	\$ 56,611.31	\$ 32,584.93	\$ 872,599.95
	Reserve for Encumbrances							\$ 748.07				
	Interfund - Water-Sewer Utility Operating Fund							67,930.73				
								\$ 68,678.80				

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-14**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010	\$ 58,785.00
Increased by:	
Improvement Authorization Cancelled:	
Ordinance No. 97-11, Various Water-Sewer Improvements	<u>4,303.54</u>
	63,088.54
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>42,500.00</u>
Balance December 31, 2011	<u><u>\$ 20,588.54</u></u>

**SCHEDULE OF RESERVE FOR AMORTIZATION**

**Exhibit D-15**

Balance December 31, 2010	\$ 2,193,290.50
Increased by:	
Paid by Operating Budget:	
Farmers' Home Administration Loan	\$ 11,839.00
USDA Loan	21,317.00
Bond Anticipation Note	20,810.00
Transfer from Deferred Reserve for Amortization	<u>56,611.31</u>
	<u>110,577.31</u>
Balance December 31, 2011	<u><u>\$ 2,303,867.81</u></u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-16

**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Date of Ordinance</b>	<b>Balance Dec. 31, 2010</b>	<b>Fixed Capital Authorized</b>	<b>To Reserve for Amortization Fixed Capital</b>	<b>Authorizations Cancelled to Capital Improvement Fund</b>	<b>Balance Dec. 31, 2011</b>
97-11	Various Water-Sewer Improvements	11/06/1997	\$ 60,914.85	\$	\$ 56,611.31	\$ 4,303.54	\$
03-05	Various Water-Sewer Improvements	4/03/2003	6,750.00	42,500.00			6,750.00
11-03	Water Tower Improvements	9/01/2011					42,500.00
			<b>\$ 67,664.85</b>	<b>\$ 42,500.00</b>	<b>\$ 56,611.31</b>	<b>\$ 4,303.54</b>	<b>\$ 49,250.00</b>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**SCHEDULE OF USDA LOAN PAYABLE**

Exhibit D-17

Sheet 1 of 2

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Loan Maturities Outstanding Dec. 31, 2011</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2011</u>
Water-Sewer Improvements	12/23/1999	\$ 1,200,000.00	12/23/2011-39 See D-17 Sheet 2 of 2	3.25%	\$ 1,005,753.61	\$ 21,317.00	\$ 984,436.61



**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-17

**MATURITY SCHEDULE**

Sheet 2 of 2

**\$1,200,000 WATER-SEWER IMPROVEMENT LOAN**

**USDA - 3.25%**

<b><u>Year</u></b>	<b><u>Balance</u></b> <b><u>January 1</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Payment</u></b>
2012	\$ 984,437	\$ 22,015	\$ 31,817	\$ 53,832
2013	962,422	22,737	31,095	53,832
2014	939,685	23,482	30,350	53,832
2015	916,203	24,251	29,581	53,832
2016	891,952	25,046	28,786	53,832
2017	866,906	25,866	27,966	53,832
2018	841,040	26,714	27,118	53,832
2019	814,326	27,589	26,243	53,832
2020	786,737	28,493	25,339	53,832
2021	758,244	29,462	24,370	53,832
2022	728,782	30,391	23,441	53,832
2023	698,391	31,386	22,446	53,832
2024	667,005	32,415	21,417	53,832
2025	634,590	33,677	20,155	53,832
2026	600,913	34,573	19,259	53,832
2027	566,340	35,706	18,126	53,832
2028	530,634	36,876	16,956	53,832
2029	493,758	38,084	15,748	53,832
2030	455,674	39,332	14,500	53,832
2031	416,342	40,621	13,211	53,832
2032	375,721	41,952	11,880	53,832
2033	333,769	43,326	10,506	53,832
2034	290,443	44,746	9,086	53,832
2035	245,697	46,212	7,620	53,832
2036	199,485	47,726	6,106	53,832
2037	151,759	49,290	4,542	53,832
2038	102,469	51,105	2,727	53,832
2039	51,364	51,364	1,699	53,063
		<u>\$ 984,437</u>	<u>\$ 522,090</u>	<u>\$ 1,506,527</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF FARMERS' HOME ADMINISTRATION LOAN PAYABLE

Sheet 1 of 2

Purpose	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Loan Maturities Outstanding Dec. 31, 2010</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2011</u>
Water Improvements	9/01/1980	\$ 325,000.00	8/01/2011-20 See D-18 Sheet 2 of 2	5%	\$ 148,627.00	\$ 11,839.00	\$ 136,788.00

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-18**

**MATURITY SCHEDULE**

**Sheet 2 of 2**

**\$325,000 WATER IMPROVEMENT LOAN**

**FARMERS HOME ADMINISTRATION - 5%**

<b><u>Year</u></b>	<b><u>January 1</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Payment</u></b>
2012	\$ 136,788	\$ 12,431	\$ 6,839	\$ 19,270
2013	124,357	13,052	6,218	19,270
2014	111,305	13,705	5,565	19,270
2015	97,600	14,390	4,880	19,270
2016	83,210	15,109	4,161	19,270
2017	68,101	15,865	3,405	19,270
2018	52,236	16,658	2,612	19,270
2019	35,578	17,491	1,779	19,270
2020	18,087	18,087	904	18,991
		<u>\$ 136,788</u>	<u>\$ 36,363</u>	<u>\$ 173,151</u>

**BOROUGH OF LAKEHURST-COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-19

**SCHEDULE OF BOND ANTICIPATION NOTES**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Original Date of Issue</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance Dec. 31, 2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec. 31, 2011</b>
00-08	Acquisition of a Utility Truck	7/15/2003	4/23/2010	4/22/2011	0.95%	\$ 2,810.00	\$	\$ 2,810.00	\$
03-05	Various Water-Sewer Improvements	7/15/2003	4/20/2011	4/05/2012	2.63%	36,000.00		18,000.00	18,000.00
09-14	Improvements to Well No. 16	4/23/2011	4/20/2011	4/05/2012	2.63%	100,000.00			100,000.00
11-03	Water Tower Improvements	11/01/2011	11/01/2011	4/05/2012	3.75%		500,000.00		500,000.00
						<u>\$ 138,810.00</u>	<u>\$ 500,000.00</u>	<u>\$ 20,810.00</u>	<u>\$ 618,000.00</u>

**BOROUGH OF LAKEHURST - COUNTY OF OCEAN**

**WATER-SEWER UTILITY CAPITAL FUND**

**Exhibit D-20**

**SCHEDULE OF BONDS AND NOTES AUTHORIZED**

**BUT NOT ISSUED**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2011</u></b>
00-08	Acquisition of a Utility Truck	\$ 21,560.00
03-05	Various Water-Sewer Improvements	33,250.00
11-03	Water Tower Improvements	<u>307,500.00</u>
		<u>\$ 362,310.00</u>

**BOROUGH OF LAKEHURST**

**COUNTY OF OCEAN**

**PART III**

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING**

**AND ON COMPLIANCE AND OTHER MATTERS**

**YEAR ENDED DECEMBER 31, 2011**

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

**AND ON COMPLIANCE AND OTHER MATTERS BASED ON**

**AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**

**ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members  
of the Borough Council  
Borough of Lakehurst  
County of Ocean  
Lakehurst, New Jersey

We have audited the financial statements of the Borough of Lakehurst (the "Borough"), as of and for the year ended December 31, 2011, and have issued our report thereon dated August 8, 2012. Our report disclosed that, as described in Note 1 to the regulatory basis financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

**Internal Control Over Financial Reporting**

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

## **Internal Control Over Financial Reporting (Continued)**

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

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the attached Schedule of Findings and Responses that we consider to be a significant deficiency in internal control over financial reporting. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the Borough dated August 8, 2012. The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response. We did not audit the Borough's response and, accordingly, we express no opinion on it.

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

*William E. Antonides and Company*  
**Independent Auditors**

August 8, 2012



## **SCHEDULE OF FINDING AND RESPONSE**

**11-01** **Criteria** - In accordance with N.J.A.C. 5:30-5.2, "All local units shall maintain an encumbrance accounting system for all funds".

**Condition** - The encumbrance accounting system was not maintained.

**Cause** - All funds were not encumbered prior to the receipt of invoices from vendors.

**Effect** - Departments ordered goods prior to the recording of the encumbrance against the amount appropriated.

**Recommendation** - That internal control procedures be instituted in order to ensure that the encumbrance accounting system is maintained.

**Management's Response** - Internal control procedures will be structured so that funds are encumbered at the time goods are ordered.

**BOROUGH OF LAKEHURST**

**COUNTY OF OCEAN**

**PART IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2011**

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

### **SCOPE OF AUDIT**

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

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

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

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

All material items of revenue and receipts were established and verified as to source and amount where practical.

### **GENERAL COMMENTS**

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

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

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

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

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

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit 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:11-4.

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

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

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

**Collection of Interest on Delinquent Taxes and Water-Sewer Rents**

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

The governing body on January 1, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

“**BE IT RESOLVED**, that in accordance with N.J.S. 54:4-67, as amended, the Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500 becoming delinquent after the due date. Effective January 1, 2010 there will be a ten day grace period of quarterly tax payments made by cash, check or money order.”

It appears from an examination of the Tax Collector and Water-Sewer Utility Collector’s records, that interest was collected in accordance with the foregoing resolution and statutes.

**Delinquent Taxes and Tax Title Liens**

The tax sale was held on October 25, 2011 and was complete except for those properties in bankruptcy.

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

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

<u>Year</u>	<u>Number of Liens</u>
2011	6
2010	7
2009	7

## **Verification of Delinquent Taxes and Other Charges**

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

<b><u>Type</u></b>	<b><u>Number Mailed</u></b>
Delinquent Taxes	25
Delinquent Water-Sewer Utility Charges	25
Information Tax	25
Information Water-Sewer	25

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

## **Miscellaneous**

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

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

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

A request for individual payments of the Local School District Taxes by the municipality from the Secretary of the Board of Education for the year 2011 was received by us and it was determined that the amount paid to the District agreed with the 2011 tax levy.

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

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

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

## **FOLLOW -UP OF PRIOR YEAR FINDINGS**

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. Findings 10-02 and 10-03 and 10-07 were not corrected in 2011 and appear as Findings 11-02, 11-03 and 11-07 for the period under audit. Finding 10-04 regarding change orders, Finding 10-05 regarding fixed assets and Finding 10-06 regarding deposits within 48 hours were addressed in 2011.

## **FINDINGS/RECOMMENDATIONS**

**11-02 Finding** - All funds had interfund balances at December 31.

**Criteria** - In accordance with the Division of Local Government Services Directives, all interfund balances should be liquidated as of December 31.

**Recommendation** - That all interfunds balances be liquidated by December 31.

**11-03 Finding** - The “Tickets Assigned but not Issued Report” revealed that there were twelve tickets assigned to officers that were six months or older that had not been issued.

**Criteria** - In accordance with the Administrative Office of the Courts, all tickets assigned over six months should be recalled.

**Recommendation** - That all tickets assigned and not issued within six months be recalled.

**11-04 Finding** - There were twelve tickets reported on the “Tickets Issued but not Assigned Report”.

**Criteria** - In order to properly control and account for traffic tickets the Municipal Court is required to assign the tickets in the system prior to issuance.

**Recommendation** - That procedures be implemented to insure that all tickets are assigned prior to being issued.

**11-05 Finding** - The General Capital Fund analysis of cash reflects one ordinance with a cash deficit that is over five years old.

**Criteria** - Capital ordinances over five years old should have enough cash to fund the specific project.

**Recommendation** - That adequate cash funding be obtained through either the issuance of debt or the raising of said deficits in the budget to provide for capital expenditures.

**11-06 Finding** - Some grant receivable balances were older than two years.

**Criteria** - Grant receivable balances should be accurate and reflect the actual amounts that the Borough will receive at a future date.

**Recommendation** - That all grant receivable balances be investigated and cancelled if it is determined that the Borough will not receive the funds.

**ACKNOWLEDGEMENT**

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

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

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

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