

**TOWNSHIP OF LAWRENCE
COUNTY OF CUMBERLAND
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2012**

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TOWNSHIP OF LAWRENCE
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Lawrence
Cedarville, New Jersey 08311

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Lawrence, in the County of Cumberland, State of New Jersey, as of December 31, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Lawrence, in the County of Cumberland, State of New Jersey, as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Lawrence, in the County of Cumberland, State of New Jersey, as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2013 on our consideration of the Township of Lawrence's, in the County of Cumberland, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Lawrence's internal control over financial reporting.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Henry J. Ludwigsen

Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 25, 2013

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Lawrence
Cedarville, New Jersey 08311

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Township of Lawrence, in the County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 25, 2013. That report indicated that the Township of Lawrence's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Henry J. Ludwigsen

Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 25, 2013

TOWNSHIP OF LAWRENCE

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

As of December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
ASSETS:			
Regular Fund:			
Cash - Treasurer	SA-1	\$ 549,796.30	\$ 707,040.84
Cash - Change Funds	A	150.00	150.00
Due from State of New Jersey			
Senior Citizens' and Veterans' Deductions	SA-7	4,841.19	5,021.70
		<u>554,787.49</u>	<u>712,212.54</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-3	275,972.65	261,586.71
Tax Title Liens	SA-4	133,947.37	116,472.27
Property Acquired for Taxes -- Assessed Valuation	SA-5	1,685,800.00	1,727,300.00
Revenue Accounts Receivable	SA-6	5,046.01	968.29
Due from Federal and State Grant Fund	SA-18	82,996.76	
Due from General Capital Fund	SC-6		98,434.22
Due from Trust -- Animal Control Fund	SB-1, 2	124.59	463.77
Due from Trust -- Other Funds	SB-1		1,572.27
		<u>2,183,887.38</u>	<u>2,206,797.53</u>
Deferred Charges:			
Special Emergency - Revaluation	SA-9	88,000.00	132,000.00
Total Regular Fund		<u>2,826,674.87</u>	<u>3,051,010.07</u>
Federal and State Grant Fund:			
Due from Current Fund	SA-18		27,782.49
Federal and State Grants Receivable	SA-14	183,440.84	9,537.00
Total Federal and State Grant Fund		<u>183,440.84</u>	<u>37,319.49</u>
		<u>\$ 3,010,115.71</u>	<u>\$ 3,088,329.56</u>

(Continued)

TOWNSHIP OF LAWRENCE

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

As of December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-8	\$ 143,143.32	\$ 150,480.80
Reserve for Encumbrances	A-3	10,809.20	21,914.21
Tax Overpayments	SA-1	57,454.37	
Refund due to Verizon	A	20,467.02	20,467.02
Prepaid Taxes	SA-10	77,452.93	79,623.93
Due County for Added and Omitted Taxes	SA-11	7,197.94	9,948.01
Due Local School District	SA-13	544.50	4.50
Reserve for Revaluation	SA-2	5,557.50	6,557.50
Due to Federal and State Grant Fund	SA-18		27,782.49
Due to General Capital Fund	SC-6	9,252.26	
Reserve for Garden State Preservation Trust Fund	SA-17	62,826.00	62,826.00
		<u>394,705.04</u>	<u>379,604.46</u>
Reserves for Receivables and Other Assets	A	2,183,887.38	2,206,797.53
Fund Balance	A-1	<u>248,082.45</u>	<u>464,608.08</u>
Total Regular Fund		<u>2,826,674.87</u>	<u>3,051,010.07</u>
Federal and State Grant Fund:			
Due to Current Fund	SA-18	82,996.76	
Unappropriated Reserves	SA-15	3,893.67	338.27
Appropriated Reserves	SA-16	96,550.41	36,981.22
Total Federal and State Grant Fund		<u>183,440.84</u>	<u>37,319.49</u>
		<u>\$ 3,010,115.71</u>	<u>\$ 3,088,329.56</u>

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

TOWNSHIP OF LAWRENCE
CURRENT FUND

Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
REVENUE AND OTHER INCOME REALIZED:		
Fund Balance Anticipated	\$ 340,000.00	\$ 421,000.00
Miscellaneous Revenues Anticipated	671,636.54	483,700.52
Receipts from Delinquent Taxes and Tax Title Liens	264,069.62	272,989.56
Receipts from Current Taxes	4,998,093.18	4,975,294.53
Non-Budget Revenue	80,934.46	107,591.73
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	97,650.85	85,352.61
Liquidation Interfund - Federal and State Grant Fund		43,956.36
Liquidation Interfund - General Capital Fund	33,434.23	
Cancellation of Grants		11,098.20
	<u>6,485,818.88</u>	<u>6,400,983.51</u>
Total Income		
EXPENDITURES:		
Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	391,892.75	406,815.52
Other Expenses	771,980.00	838,449.44
Deferred Charges and Statutory Expenditures	82,429.00	82,961.00
Excluded from "CAPS":		
Operations:		
Other Expenses	81,467.15	58,082.28
Capital Improvements	180,500.00	
Municipal Debt Service	96,151.52	49,716.73
Deferred Charges	109,000.00	128,365.00
County Taxes	2,298,933.58	2,301,074.62
Local School District Tax	2,191,869.00	2,154,877.00
Interfund Created - Federal and State Grant Fund	82,996.76	
Interfund Created - General Capital Fund		94,561.53
Refund of Prior Year Revenue		4,362.69
Prior Year Seniors' Citizens and Veterans' Deductions Disallowed	750.00	250.00
Tax Appeal Settlement	74,374.75	
	<u>6,362,344.51</u>	<u>6,119,515.81</u>
Total Expenditures		
Excess in Revenue	123,474.37	281,467.70
FUND BALANCE:		
Balance January 1,	464,608.08	604,140.38
	588,082.45	885,608.08
Utilized as Anticipated Revenue	340,000.00	421,000.00
Balance December 31,	<u>\$ 248,082.45</u>	<u>\$ 464,608.08</u>

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

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2012

	<u>Anticipated</u>			
	<u>Budget</u>	<u>Special N.J.S.</u>	<u>Realized</u>	<u>Excess or</u>
		<u>40A: 4-87</u>		<u>(Deficit)</u>
Surplus Anticipated	\$ 340,000.00		\$ 340,000.00	
Miscellaneous Revenues				
Fees and Permits	2,000.00		2,875.00	\$ 875.00
Fines and Costs - Municipal Court	9,320.00		17,465.42	8,145.42
Interest and Costs on Taxes	30,100.00		36,533.48	6,433.48
Cell Tower Leases	44,000.00		55,146.88	11,146.88
Consolidated Municipal Property Tax Relief Aid	18,203.00		18,203.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	207,683.00		207,683.00	
Reserve for Garden State Trust Fund	62,826.00		62,826.00	
Uniform Construction Code Fees	21,000.00		15,328.00	(5,672.00)
Public and Private Revenues Offset:				
Recycling Tonnage Grant	338.27		338.27	
Clean Communities Program		\$ 7,697.49	7,697.49	
Municipal Alliance on Alcohol and Drug Abuse	9,540.00		9,540.00	
NJ Transportation Trust Fund Authority Act		173,000.00	173,000.00	
Liquidation of Interfund Receivable - General Capital Fund	65,000.00		65,000.00	
Total Miscellaneous Revenues	470,010.27	180,697.49	671,636.54	20,928.78
Receipts from Delinquent Taxes	206,415.00		264,069.62	57,654.62
Amount to be Raised by Taxes for				
Support of Municipal Budget:				
Local Tax for Municipal Purposes				
including Reserve for Uncollected Taxes	841,568.26		832,547.72	(9,020.54)
Budget Totals	1,857,993.53	180,697.49	2,108,253.88	69,562.86
Non-Budget Revenue			80,934.46	80,934.46
	<u>\$1,857,993.53</u>	<u>\$ 180,697.49</u>	<u>\$2,189,188.34</u>	<u>\$ 150,497.32</u>

(Continued)

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2012

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections	\$ 4,998,093.18
Allocated to:	
County and School Taxes	<u>4,490,802.58</u>

Amount for Support of Municipal Budget Appropriations	507,290.60
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Add: Appropriation "Reserve for Uncollected Taxes"	<u>325,257.12</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>\$ 832,547.72</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u><u>\$ 264,069.62</u></u>
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Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:

Receipts:

Copies / Faxes	\$ 32.76
Pilot Program	6,708.24
Landlord Registration	200.00
Miscellaneous	1,099.88
Recycling - Metal Reimbursement	6,835.72
Tire Disposal	737.00
Interest on Checking	7,857.60
Cable TV Franchise Fee	6,370.63
Sale of Property Acquired for Taxes	37,000.00
Sale of Property	1,341.50
Miscellaneous Refunds	5,257.48
Zoning Ordinance Sale	66.00
Other	6,469.04
Senior Citizens' and Veterans' Deduction Administration Fee	<u>958.61</u>

Total Non-Budget Revenues	<u><u>\$ 80,934.46</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
<u>OPERATIONS -- WITHIN "CAPS"</u>						
<u>General Government Functions</u>						
Administrative and Executive:						
Salaries and Wages	\$ 71,727.00	\$ 71,727.00	\$ 71,727.00			
Other Expenses						
Telephone	18,000.00	18,000.00	15,767.97		\$ 2,232.03	
Miscellaneous Other Expenses	21,700.00	21,700.00	13,852.03	\$ 3,242.87	4,605.10	
Election:						
Other Expenses	1,800.00	1,800.00	1,800.00			
Financial Administration:						
Salaries and Wages	15,888.00	15,888.00	15,888.00			
Other Expenses	37,100.00	37,100.00	36,997.25		102.75	
Assessment of Taxes:						
Salaries and Wages	25,704.00	25,704.00	25,704.00			
Other Expenses						
Maintenance of Tax Map	6,500.00	6,500.00	5,655.00		845.00	
Miscellaneous Other Expenses	12,000.00	12,000.00	5,219.11	1,633.00	5,147.89	
Collection of Taxes:						
Salaries and Wages	57,306.00	57,306.00	56,277.00		1,029.00	
Other Expenses	10,100.00	10,100.00	8,549.00		1,551.00	
Legal Services and Costs:						
Salaries and Wages	9,738.00	9,738.00	9,738.00			
Other Expenses	21,600.00	21,600.00	20,378.20		1,221.80	
Municipal Court:						
Salaries and Wages	2,337.58	2,337.58	2,337.58			
Other Expenses	50.00	50.00	49.94		0.06	
Public Defender:						
Other Expenses	225.00	225.00	225.00			
Municipal Prosecutor:						
Other Expenses	297.50	297.50	291.00		6.50	
Engineering Services and Costs:						
Other Expenses	5,000.00	5,000.00	3,185.50		1,814.50	
Public Building and Grounds:						
Salaries and Wages	14,400.00	14,400.00	14,400.00			
Other Expenses	38,700.00	38,700.00	30,643.82	3,704.96	4,351.22	
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board						
Salaries and Wages	6,561.00	6,561.00	6,240.00		321.00	
Other Expenses	2,050.00	2,050.00	1,012.07		1,037.93	
Zoning / Code Enforcement Officer:						
Salaries and Wages	721.17	721.17	721.17			
Other Expenses	500.00	500.00	219.30		280.70	

(Continued)

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
<u>General Government Functions (Continued)</u>						
Insurance:						
Other Insurance Premiums	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00			
General Liability	76,000.00	76,000.00	69,568.34		\$ 6,431.66	
Workers Compensation	40,000.00	40,000.00	33,023.40		6,976.60	
Employee Group Health	39,577.50	39,577.50	36,699.66		2,877.84	
<u>Public Safety</u>						
Aid to Volunteer Fire Company	50,000.00	50,000.00	50,000.00			
Rescue Squad -- Contribution	40,000.00	40,000.00	40,000.00			
Office of Emergency Preparedness:						
Salaries and Wages	3,888.00	3,888.00	3,888.00			
Other Expenses	2,000.00	2,000.00	495.54	\$ 1,433.55	70.91	
<u>Street and Roads</u>						
Road Repairs and Maintenance:						
Salaries and Wages	123,796.00	123,796.00	111,210.92		12,585.08	
Other Expenses	50,000.00	50,000.00	38,128.82	449.00	11,422.18	
Street Lighting	30,000.00	30,000.00	27,732.67		2,267.33	
<u>Sanitation</u>						
Municipal Convenience Center:						
Salaries and Wages	5,172.00	5,172.00	5,172.00			
Other Expenses	120,000.00	120,000.00	99,469.00		20,531.00	
<u>Health and Welfare</u>						
Dog Regulation:						
Other Expenses	21,100.00	21,100.00	19,080.00		2,020.00	
<u>Recreation and Education</u>						
Celebration of Public Events, Anniversary or Holiday:						
Other Expenses	4,000.00	4,000.00	3,995.79		4.21	
Senior Citizens Center:						
Salaries and Wages	13,848.00	13,848.00	13,848.00			
Other Expenses	6,950.00	6,950.00	4,403.54	345.82	2,200.64	
Parks and Playgrounds:						
Other Expenses	3,000.00	3,000.00	1,261.34		1,738.66	
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues</u>						
<u>(N.J.A.C. 5:23-4.17)</u>						
Construction Official:						
Salaries and Wages	17,772.00	17,772.00	17,772.00			
Other Expenses	500.00	500.00	393.54		106.46	
Plumbing Inspector:						
Salaries and Wages	10,116.00	10,116.00	10,116.00			
Electrical Inspector:						
Salaries and Wages	9,918.00	9,918.00	9,918.00			
Fire Protection Official:						
Salaries and Wages	3,000.00	3,000.00	3,000.00			

(Continued)

(Continued)

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u> <u>Canceled</u>
<u>Unclassified</u>						
Cumberland Development Corporation	\$ 5,130.00	\$ 5,130.00	\$ 5,130.00			
Sanitary Landfill Facility Number 0608 Post Closure Care	11,600.00	11,600.00	9,754.98		\$ 1,845.02	
Electricity	50,000.00	50,000.00	48,024.58		1,975.42	
Gas	20,000.00	20,000.00	8,439.71		11,560.29	
Gasoline	22,000.00	22,000.00	18,663.58		3,336.42	
Total Operations -- Within "CAPS"	1,163,872.75	1,163,872.75	1,040,567.35	\$ 10,809.20	112,496.20	-
<u>Detail:</u>						
Salaries and Wages	391,892.75	391,892.75	377,957.67	-	13,935.08	-
Other Expenses (Including Contingent)	771,980.00	771,980.00	662,609.68	10,809.20	98,561.12	-
<u>DEFERRED CHARGES AND STATUTORY</u> <u>EXPENDITURES -- WITHIN "CAPS"</u>						
<u>Statutory Expenditures</u>						
Contribution to:						
Public Employees Retirement System	44,429.00	44,429.00	44,429.00			
Social Security System (O.A.S.I.)	33,700.00	33,700.00	29,615.99		4,084.01	
State Disability Compensation Insurance	2,800.00	2,800.00	961.89		1,838.11	
NJ Unemployment Compensation	1,500.00	1,500.00	1,500.00			
Total Statutory Expenditures	82,429.00	82,429.00	76,506.88	-	5,922.12	-
Total Deferred Charges and Statutory Expenditures -- Municipal -- Within "CAPS"	82,429.00	82,429.00	76,506.88	-	5,922.12	-
Total General Appropriations for Municipal Purposes Within -- "CAPS"	1,246,301.75	1,246,301.75	1,117,074.23	10,809.20	118,418.32	-
<u>OPERATIONS -- EXCLUDED FROM "CAPS"</u>						
Emergency Services Volunteer Length of Service Award Program	24,725.00	24,725.00			24,725.00	
Total Other Operations -- Excluded from "CAPS"	24,725.00	24,725.00	-	-	24,725.00	-
<u>Shared Service Agreements</u>						
Municipal Court - Cumberland Salem Regional Municipal Court	24,266.39	24,266.39	24,266.39			
Zoning / Code Enforcement Office - Deerfield Township	6,900.00	6,900.00	6,900.00			
Total from Shared Service Agreements	31,166.39	31,166.39	31,166.39	-	-	-
<u>Public and Private Programs Offset by Revenues</u>						
Clean Communities Grant (40A:4-87, \$7,697.49)		7,697.49	7,697.49			
Municipal Alliance on Alcoholism and Drug Abuse	17,540.00	17,540.00	17,540.00			
Recycling Tonnage	338.27	338.27	338.27			
Total Public and Private Programs Offset by Revenues	17,878.27	25,575.76	25,575.76	-	-	-
Total Operations -- Excluded from "CAPS"	73,769.66	81,467.15	56,742.15	-	24,725.00	-

(Continued)

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	\$ 73,769.66	\$ 81,467.15	\$ 56,742.15	-	\$ 24,725.00	-
<u>CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	7,500.00	7,500.00	7,500.00			
NJ Transportation Trust Fund Authority Act (40A:4-87, \$173,000.00)		173,000.00	173,000.00			
Total Capital Improvements -- Excluded from "CAPS"	7,500.00	180,500.00	180,500.00	-	-	-
<u>MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"</u>						
Payment of Bond Anticipation Notes and Capital Notes	75,000.00	75,000.00	75,000.00			
Interest on Notes	13,050.00	13,050.00	13,037.50			\$ 12.50
Loan Repayments for Principal and Interest	8,115.00	8,115.00	8,114.02			0.98
Total Municipal Debt Service -- Excluded from "CAPS"	96,165.00	96,165.00	96,151.52	-	-	13.48
<u>DEFERRED CHARGES -- EXCLUDED FROM "CAPS"</u>						
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	44,000.00	44,000.00	44,000.00			
Deferred Charges to Future Taxation -- Unfunded:						
Fire House Ord. 05-311, 06-323A	65,000.00	65,000.00	65,000.00			
Total Deferred Charges to Future Taxation -- Unfunded	109,000.00	109,000.00	109,000.00	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	286,434.66	467,132.15	442,393.67	-	24,725.00	13.48
Subtotal General Appropriations	1,532,736.41	1,713,433.90	1,559,467.90	\$ 10,809.20	143,143.32	13.48
Reserve for Uncollected Taxes	325,257.12	325,257.12	325,257.12			
Total	\$ 1,857,993.53	\$ 2,038,691.02	\$ 1,884,725.02	\$ 10,809.20	\$ 143,143.32	\$ 13.48
Budget		\$ 1,857,993.53				
Appropriated by 40A:4-87		180,697.49				
Reserve for Federal and State Grant Fund--Appropriated			\$ 198,575.76			
Due to General Capital Fund			7,500.00			
Deferred Charges			109,000.00			
Cash Disbursed			1,244,392.14			
Reserve for Uncollected Taxes			325,257.12			
		\$ 2,038,691.02	\$ 1,884,725.02			

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

TOWNSHIP OF LAWRENCE

TRUST FUNDS

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

As of December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
ASSETS:			
Animal Control Fund:			
Cash	SB-1	\$ 6,144.39	\$ 4,152.78
Other Funds:			
Cash	SB-1	71,210.97	61,341.12
		<u>\$ 77,355.36</u>	<u>\$ 65,493.90</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Animal Control Fund:			
Due to Current Fund	SB-1, 2	\$ 124.59	\$ 463.77
Due to State of New Jersey Board of Health	SB-3	2.40	16.20
Reserve for Animal Control Expenditures	SB-2	6,017.40	3,672.81
Total Animal Control Fund		<u>6,144.39</u>	<u>4,152.78</u>
Other Funds:			
Due to Current Fund	SB-1		1,572.27
Reserve for:			
Unemployment Insurance	SB-4	1,772.64	2,032.03
Sanitary Landfill Escrow	SB-4	22,209.46	22,209.46
Developer's Escrow	SB-4	6,103.62	4,636.05
In-Rem Foreclosure Escrow	SB-4	10,144.97	16,609.70
Tax Title Lien Redemptions	SB-4	27,863.80	8,061.88
Payroll Withholdings Payable	SB-4	3,116.48	6,219.73
Total Other Funds		<u>71,210.97</u>	<u>61,341.12</u>
		<u>\$ 77,355.36</u>	<u>\$ 65,493.90</u>

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

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
ASSETS:			
Cash	SC-1	\$ 500.02	\$ 500.01
Deferred Charges to Future Taxation:			
Funded	SC-3	98,652.12	104,702.20
Unfunded	SC-4	922,698.53	887,698.53
Due from Current Fund	SC-6	<u>9,252.26</u>	<u></u>
		<u><u>\$ 1,031,102.93</u></u>	<u><u>\$ 992,900.74</u></u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Capital Improvement Fund	SC-5	\$ 4,732.10	\$ 32,232.10
Bond Anticipation Notes	SC-9	845,000.00	745,000.00
Due to Current Fund	SC-6		98,434.22
Improvement Authorizations:			
Unfunded	SC-7	71,835.57	12,532.22
Contracts Payable	SC-7	10,883.14	
Green Trust Loan Payable	SC-8	<u>98,652.12</u>	<u>104,702.20</u>
		<u><u>\$ 1,031,102.93</u></u>	<u><u>\$ 992,900.74</u></u>

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

TOWNSHIP OF LAWRENCE
GENERAL FIXED ASSETS ACCOUNT GROUP
Statement of General Fixed Assets Group of Accounts
As of December 31, 2012

ASSETS:	Balance <u>December 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2012</u>
Land	\$ 333,115.19			\$ 333,115.19
Buildings	2,043,227.08			2,043,227.08
Improvements	395,336.01			395,336.01
Equipment	<u>1,914,985.57</u>	<u>\$ 105,712.52</u>		<u>2,020,698.09</u>
	<u>\$ 4,686,663.85</u>	<u>\$ 105,712.52</u>	<u>\$ -</u>	<u>\$ 4,792,376.37</u>
FUND BALANCE:				
Investment in				
General Fixed Assets	<u>\$ 4,686,663.85</u>	<u>\$ 105,712.52</u>	<u>\$ -</u>	<u>\$ 4,792,376.37</u>

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

TOWNSHIP OF LAWRENCE
Notes to Financial Statements
For the Year Ended December 31, 2012

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Financial Reporting Entity – Built on a firm agricultural foundation, Lawrence Township has the reputation as a great place to live. Located in the Southern corner of Cumberland County, Lawrence Township provides an affordable cost of living, abundant recreational opportunities, and rich undeveloped land. With easy access to the Delaware Bay, green fields, wetland areas, and a small town atmosphere, Lawrence Township provides a positive environment in which to live, work, and play. The population according to the 2010 census is 3,290.

The Township is represented by a three member Committee elected to three-year terms. These terms are staggered so that one member's term expires each year. The Mayor is appointed at the annual reorganization meeting by the members of the Committee. Executive and administrative responsibility rests with the Mayor, who is assisted by the other Committee members and the Township Clerk.

Component Units - The Township of Lawrence had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township of Lawrence contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township of Lawrence accounts for its financial transactions through the use of separate funds which are described as follows:

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

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Budgets and Budgetary Accounting - The Township of Lawrence must adopt an annual budget for its current fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township of Lawrence requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the current fund represents an amount available for anticipation as revenue in future years budgets, with certain restrictions.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Cumberland and the Township of Lawrence School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Township of Lawrence School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Cumberland. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: **CASH AND CASH EQUIVALENTS**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition.

As of December 31, 2012, the Township's bank balances of \$626,087.88 were FDIC Insured in the amount of \$272,209.46 and Collateralized under GUDPA in the amount of \$353,878.42.

Note 3: **PROPERTY TAXES**

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

Comparative Schedule of Tax Rates

	<u>2012</u>	<u>2011</u>	<u>2010 (R)</u>	<u>2009</u>	<u>2008</u>
Tax Rate	<u>\$2.178</u>	<u>\$ 2.149</u>	<u>\$ 2.038</u>	<u>\$ 4.015</u>	<u>\$ 4.013</u>
Apportionment of Tax Rate:					
Municipal	\$0.344	\$ 0.324	\$ 0.310	\$ 0.630	\$ 0.631
County	0.938	0.941	0.894	1.739	1.720
Local School	0.896	0.884	0.834	1.646	1.662

(R) = Revaluation

Note 3: **PROPERTY TAXES (CONT'D)****Assessed Valuation**

2012	\$ 244,744,305.00
2011	244,010,260.00
2010 (R)	244,917,461.00
2009	119,645,809.00
2008	117,779,054.00

(R) = Revaluation

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$ 5,347,557.47	\$ 4,998,093.18	93.46%
2011	5,266,853.75	4,975,294.53	94.46%
2010	5,007,800.98	4,691,405.39	93.68%
2009	4,835,785.48	4,610,654.72	95.34%
2008	4,784,216.12	4,546,110.20	95.02%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$ 133,947.37	\$ 275,972.65	\$ 409,920.02	7.67%
2011	116,472.27	261,586.71	378,058.98	7.18%
2010	101,895.87	283,461.83	385,357.70	7.70%
2009	89,140.16	217,791.48	306,931.64	6.35%
2008	81,562.93	225,304.73	306,867.66	6.41%

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

<u>Year</u>	<u>Number</u>
2012	120
2011	79
2010	85
2009	69
2008	58

Note 4: **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, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2012	\$1,685,800.00
2011	1,727,300.00
2010	1,592,000.00
2009	1,672,700.00
2008	1,677,800.00

Note 5: **FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u> <u>Current Fund</u>	<u>Balance</u> <u>Dec. 31</u>	<u>Utilized</u> <u>In Budget of</u> <u>Succeeding Year</u>	<u>Percentage</u> <u>of Fund</u> <u>Balance Used</u>
2012	\$ 248,082.45	\$ 155,000.00	62.48%
2011	464,608.08	340,000.00	73.18%
2010	604,140.38	421,000.00	69.68%
2009	858,828.28	560,795.00	65.30%
2008	861,667.25	560,795.00	65.08%

Note 6: **INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2012:

<u>Fund</u>	<u>Interfunds</u> <u>Receivable</u>	<u>Interfunds</u> <u>Payable</u>
Current Fund	\$ 83,121.35	\$ 9,252.26
Federal and State Grant Fund		82,996.76
Trust -- Animal Control Fund		124.59
General Capital Fund	9,252.26	
	<u>\$ 92,373.61</u>	<u>\$92,373.61</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During 2013, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: **PENSION PLANS**

The Township of Lawrence contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. 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

Note 7: **PENSION PLANS (CONT'D)**

Public Employees' Retirement System – The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Township is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Township</u>
2012	\$ 16,584.00	\$ 27,845.00	\$ 44,429.00	\$ 44,429.00
2011	19,287.00	25,674.00	44,961.00	44,961.00
2010	18,228.00	17,785.00	36,013.00	36,013.00

Note 8: **COMPENSATED ABSENCES**

Township employees are entitled to twelve paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward. Additionally, employees are not compensated for accumulated sick days upon termination of employment. Since required payments in any year are funded in that year's operating budget, no liability has been recorded at December 31, 2012.

Note 9: **LENGTH OF SERVICE AWARDS PROGRAM**

The Township's Length of Service Awards Program (LOSAP) was created by a Township Ordinance 2000-270 adopted on June 13, 2000 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Lawrence approved the adoption of the LOSAP at the general election held in November 2000, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2001. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the LOSAP, the balances and activities of the LOSAP are not reported in the Township's financial statements.

As required by N.J.A.C. 5:30-14.49, the Township must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Note 10: **SANITARY LANDFILL ESCROW CLOSURE FUND**

The Township of Lawrence operated a municipal landfill located in the Township. The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

In 1996 the landfill was closed and capped. The escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with post-closure are not known.

Note 11: **CAPITAL DEBT**

Summary of Debt

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 943,652.12	\$ 849,702.20	\$ 885,633.07
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	77,698.53	142,698.53	241,402.00
Net Debt	<u>\$ 1,021,350.65</u>	<u>\$ 992,400.73</u>	<u>\$ 1,127,035.07</u>

Note 11: **CAPITAL DEBT (CONT'D)****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 indicated a statutory net debt of .43%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 3,611,000.00	\$ 3,611,000.00	
General	1,021,350.65	--	\$ 1,021,350.65
	<u>\$ 4,632,350.65</u>	<u>\$ 3,611,000.00</u>	<u>\$ 1,021,350.65</u>

Net Debt \$1,021,350.65 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$237,038,044.00 equals .43%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 8,296,331.54
Net Debt	<u>1,021,350.65</u>
Remaining Borrowing Power	<u>\$ 7,274,980.89</u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>Principal</u>	<u>General</u> <u>Interest</u>	<u>Total</u>
2013	\$ 6,171.69	\$ 1,942.34	\$ 8,114.03
2014	6,295.74	1,818.28	8,114.02
2015	6,422.29	1,691.75	8,114.04
2016	6,551.37	1,562.65	8,114.02
2017	6,683.05	1,430.97	8,114.02
2018-2022	35,485.04	5,085.10	40,570.14
2023-2027	31,042.94	1,413.15	32,456.09
Total	<u>\$ 98,652.12</u>	<u>\$ 14,944.24</u>	<u>\$ 113,596.36</u>

Note 12: **NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 814.61	\$ 1,074.00	\$ 1,772.64
2011	1,250.13	None	2,032.03
2010	781.90	None	781.90

Note 13: **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

	<u>Balance Dec. 31, 2012</u>	<u>2013 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorizations	\$88,000.00	\$44,000.00

The appropriations in the 2013 Budget as adopted are not less than that required by the statutes.

Note 14: **LITIGATION**

The Township is a defendant in several legal proceedings and tax appeals that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 15: **SUBSEQUENT EVENTS**

Subsequent to December 31, 2012 the Township of Lawrence authorized additional Bonds and Notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
General Capital:		
Bonds and Notes:		
Bay Point Improvements	02/25/2013	\$ 285,700.00
Various Capital Improvements & Equipment	06/10/2013	47,500.00

SUPPLEMENTAL EXHIBITS
CURRENT FUND

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Current Cash
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 707,040.84
Increased by Receipts:		
Taxes Receivable	\$ 5,051,615.70	
Tax Title Liens	8,048.42	
Prepaid Taxes	77,452.93	
Senior Citizens' and Veterans' Deductions	47,930.51	
Tax Overpayments	57,454.37	
Miscellaneous Revenue Anticipated	353,234.78	
Miscellaneous Revenue Not Anticipated	80,934.46	
Reserve for Garden State Preservation Trust Fund	62,826.00	
Due to Federal & State Grant Fund - Grant Receivables	16,333.65	
Due to Federal & State Grant Fund - Unappropriated Grant	3,893.67	
Due General Capital Fund	175,000.00	
Contra	4,673.73	
	<u>5,939,398.22</u>	
		6,646,439.06
Decreased by Disbursements:		
Appropriations	1,244,392.14	
Appropriation Reserves	74,744.16	
Due County -- Added and Omitted Taxes	9,853.73	
County Taxes Payable	2,291,829.92	
Local School Taxes Payable	2,191,329.00	
Reserve for Revaluation	1,000.00	
Due from Federal & State Grant Fund	139,006.57	
Due from General Capital Fund	139,813.51	
Contra	4,673.73	
	<u>6,096,642.76</u>	
Balance December 31, 2012		<u><u>\$ 549,796.30</u></u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Reserve for Revaluation
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 6,557.50
Decreased by:	
Disbursements	<u>1,000.00</u>
Balance December 31, 2012	<u><u>\$ 5,557.50</u></u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2012

	Balance Dec. 31, 2011	2012 Levy	Added / Omitted Taxes	<u>Collected</u>		Due from State of New Jersey	Fund Balance - Tax Appeal Settlement	Adjustments and Canceled	Transferred to Liens	Balance Dec. 31, 2012
				2011	2012					
Prior Years	\$ 261,586.71				\$ 256,021.20	\$ (750.00)		\$ 1,064.90	\$ 4,152.13	\$ 1,098.48
2012		\$ 5,331,097.74	\$ 16,459.73	\$ 79,623.93	4,795,594.50	48,500.00	\$ 74,374.75	53,711.80	20,878.32	274,874.17
	<u>\$ 261,586.71</u>	<u>\$ 5,331,097.74</u>	<u>\$ 16,459.73</u>	<u>\$ 79,623.93</u>	<u>\$ 5,051,615.70</u>	<u>\$ 47,750.00</u>	<u>\$ 74,374.75</u>	<u>\$ 54,776.70</u>	<u>\$ 25,030.45</u>	<u>\$ 275,972.65</u>

Analysis of 2012 Property Tax Levy

Tax Yield:

General Purpose

\$ 5,331,097.74

Added / Omitted Taxes

16,459.73\$ 5,347,557.47

Tax Levy:

Local School Tax

2,191,869.00

County Taxes:

County Tax

\$ 2,176,212.61

County Local Health Services Taxes

91,190.51

County Open Space Tax

24,426.80

Due County for Added and Omitted Taxes

7,103.66

2,298,933.58

Local Tax for Municipal Purposes

841,568.26

Add: Additional Tax Levied - Rounding

5,830.56

Add: Added / Omitted Taxes

9,356.07856,754.89\$ 5,347,557.47

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 116,472.27
Increased by:		
Interests and Costs on Tax Sale	\$ 493.07	
Transfers from Taxes Receivable	<u>25,030.45</u>	
		<u>25,523.52</u>
		141,995.79
Decreased by:		
Collections		<u>8,048.42</u>
Balance December 31, 2012		<u><u>\$ 133,947.37</u></u>

Exhibit SA-5

CURRENT FUND
Statement of Property Acquired for Taxes
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 1,727,300.00
Decreased by:		
Sales of Property Acquired for Taxes		
Current Fund	\$ 37,000.00	
Loss on Sales of Property Acquired for Taxes	<u>4,500.00</u>	
		<u>41,500.00</u>
Balance December 31, 2012		<u><u>\$ 1,685,800.00</u></u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Accrued</u>	<u>Collected</u>	<u>Applied</u>	Balance <u>Dec. 31, 2012</u>
<u>Miscellaneous Revenue Anticipated</u>					
Fees and Permits		\$ 2,875.00	\$ 2,875.00		
Fines and Costs - Municipal Court	\$ 968.29	16,497.13	17,465.42		
Interest and Costs on Taxes		36,533.48	36,533.48		
Cell Tower Leases		55,146.88	55,146.88		
Consolidated Municipal Property Tax Relief Aid		18,203.00	18,203.00		
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		207,683.00	207,683.00		
Reserve for Garden State Trust Fund		62,826.00		\$ 62,826.00	
Uniform Construction Code Fees		20,374.01	15,328.00		\$ 5,046.01
Public and Private Revenues Offset:					
Recycling Tonnage Grant		338.27		338.27	
Clean Communities Program		7,697.49		7,697.49	
Municipal Alliance on Alcohol and Drug Abuse		9,540.00		9,540.00	
NJ Transportation Trust Fund Authority Act		173,000.00		173,000.00	
Liquidation of Interfund Receivable - General Capital Fund		65,000.00		65,000.00	
	<u>\$ 968.29</u>	<u>\$ 675,714.26</u>	<u>\$ 353,234.78</u>	<u>\$ 318,401.76</u>	<u>\$ 5,046.01</u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Due from State of New Jersey
Senior Citizens' and Veterans' Deductions
For the Year Ended December 31, 2012

Balance December 31, 2011			\$ 5,021.70
Increased by:			
2012 Levy -- Deductions per Tax Billing	\$ 47,250.00		
2012 Senior Citizens' and Veterans' Deductions Granted by Tax Collector	<u>2,000.00</u>	\$ 49,250.00	
2012 Senior Citizens' and Veteran's Deductions Disallowed by Tax Collector		<u>(750.00)</u>	
			<u>48,500.00</u>
			53,521.70
Decreased by:			
Cash Received		47,930.51	
Prior Year Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		<u>750.00</u>	
			<u>48,680.51</u>
Balance December 31, 2012			<u><u>\$ 4,841.19</u></u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2012

	Balance December 31, 2011			Balance		Lapsed to
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Fund Balance</u>
OPERATIONS -- WITHIN "CAPS"						
<u>General Government Functions</u>						
Administrative and Executive:						
Other Expenses						
Telephone		\$ 673.28	\$ 800.00	\$ 1,473.28	\$ 1,414.66	\$ 58.62
Miscellaneous Other Expenses	\$ 144.85	10,798.76	(1,013.00)	9,930.61	603.50	9,327.11
Elections:						
Other Expenses		504.06		504.06		504.06
Financial Administration:						
Other Expenses		811.50		811.50		811.50
Assessment of Taxes:						
Other Expenses						
Maintenance of Tax Map		1,925.00		1,925.00	300.00	1,625.00
Miscellaneous		4,424.44		4,424.44		4,424.44
Collection of Taxes:						
Salaries and Wages		5,045.00		5,045.00		5,045.00
Other Expenses	320.00	269.64		589.64	320.00	269.64
Legal Services and Costs:						
Other Expenses		112.60		112.60		112.60
Municipal Court:						
Other Expenses		2,159.65		2,159.65		2,159.65
Public Defender:						
Other Expenses		500.00		500.00		500.00
Municipal Prosecutor						
Other Expenses		78.00	213.00	291.00	291.00	
Liquidation of Tax Title Leans						
Other Expenses		538.81		538.81		538.81
Engineering Services and Costs:						
Other Expenses		4,031.53	(1,234.03)	2,797.50		2,797.50
Public Building and Grounds:						
Other Expenses	368.00	4,998.27	(910.00)	4,456.27	2,262.65	2,193.62
Municipal Land Use Law (N.J.S.40:55D-1)						
Planning Board:						
Salaries and Wages		1,675.00		1,675.00		1,675.00
Other Expenses		1,958.24		1,958.24	45.83	1,912.41
Zoning / Code Enforcement Officer:						
Salaries and Wages		0.08		0.08		0.08
Other Expenses		170.17		170.17		170.17
Insurance:						
General Liability		5,255.41		5,255.41		5,255.41
Works Compensation		8,007.80		8,007.80		8,007.80
Other Insurance Premiums		105.49		105.49		105.49
<u>Public Safety Functions</u>						
Office Emergency Preparedness:						
Other Expenses	1,350.00	93.11		1,443.11	1,350.00	93.11
<u>Streets and Roads</u>						
Road Repairs and Maintenance:						
Salaries and Wages		5,745.08		5,745.08	3,138.40	2,606.68
Other Expenses	7,731.36	15,433.55		23,164.91	9,048.67	14,116.24
Street Lighting		6,782.26		6,782.26	2,630.66	4,151.60
<u>Sanitation</u>						
Municipal Convenience Center:						
Other Expenses	12,000.00	19,323.45		31,323.45	18,837.18	12,486.27

(Continued)

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2012

	Balance December 31, 2011			Balance		Lapsed to
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Fund Balance</u>
<u>Health and Welfare</u>						
Dog Regulation:						
Other Expenses		\$ 1,773.02		\$ 1,773.02	\$ 1,725.00	\$ 48.02
<u>Recreation and Education</u>						
Celebration of Public Event, Anniversary or Holiday:						
Other Expenses		71.07		71.07	71.07	
Senior Citizens Center:						
Other Expenses		2,148.86		2,148.86	97.11	2,051.75
Parks and Playgrounds:						
Other Expenses		2,043.24		2,043.24		2,043.24
<u>Uniform Construction Code</u>						
Construction Code Official:						
Other Expenses		5.29		5.29		5.29
<u>Unclassified</u>						
Sanitary Landfill		112.72	\$ 1,234.03	1,346.75	1,346.75	
Electricity		3,158.99	910.00	4,068.99	4,065.85	3.14
Gas		7,963.80		7,963.80	3,279.41	4,684.39
Fuel Oil		495.15		495.15	352.42	142.73
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL -- WITHIN "CAPS"</u>						
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System (O.A.S.I.)		3,978.55		3,978.55		3,978.55
NJ Unemployment Compensation		1,349.69		1,349.69		1,349.69
State Disability Compensation Insurance		1,235.24		1,235.24		1,235.24
<u>OPERATIONS -- EXCLUDED FROM "CAPS"</u>						
LOSAP		24,725.00		24,725.00	23,564.00	1,161.00
	<u>\$ 21,914.21</u>	<u>\$ 150,480.80</u>	<u>\$ -</u>	<u>\$ 172,395.01</u>	<u>\$ 74,744.16</u>	<u>\$ 97,650.85</u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Deferred Charges - Special Emergency Revaluation
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 132,000.00
Decreased by:	
Budget Appropriation	<u>44,000.00</u>
Balance December 31, 2012	<u><u>\$ 88,000.00</u></u>

Exhibit SA-10

CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 79,623.93
Increased by:	
Collections -- 2013 Taxes	<u>77,452.93</u>
	157,076.86
Decreased by:	
Applied to 2012 Taxes Receivable	<u>79,623.93</u>
Balance December 31, 2012	<u><u>\$ 77,452.93</u></u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Due County for Added and Omitted Taxes
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 9,948.01
Increased by:		
County General Share of 2012 Added / Omitted Taxes	\$ 6,741.24	
County Health Share of 2012 Added / Omitted Taxes	286.71	
County Open Space Preservation Share of 2012 Added / Omitted Taxes	<u>75.71</u>	
		<u>7,103.66</u>
		17,051.67
Decreased by:		
Disbursements		<u>9,853.73</u>
Balance December 31, 2012		<u><u>\$ 7,197.94</u></u>

Exhibit SA-12

CURRENT FUND
Statement of Due County Taxes
For the Year Ended December 31, 2012

Increased by:		
County General Share of 2012 Levy	\$ 2,176,212.61	
County Local Health Services Share of 2012 Levy	91,190.51	
County Open Space Preservation Share of 2012 Levy	<u>24,426.80</u>	
		\$ 2,291,829.92
Decreased by:		
Disbursements		<u><u>\$ 2,291,829.92</u></u>

Exhibit SA-13

CURRENT FUND
Statement of Local School District Tax
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 4.50
Increased by:	
Calendar Year School Levy	<u>2,191,869.00</u>
	2,191,873.50
Decreased by:	
Payments	<u>2,191,329.00</u>
Balance December 31, 2012	<u><u>\$ 544.50</u></u>

TOWNSHIP OF LAWRENCE
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2012

<u>Program</u>	<u>Balance Dec. 31, 2011</u>	<u>Revenue Anticipated</u>	<u>Transferred from Unappropriated</u>	<u>Current Fund Cash Receipts</u>	<u>Balance Dec. 31, 2012</u>
NJ Transportation Trust Fund Authority Act 2012		\$ 173,000.00			\$ 173,000.00
Clean Communities Program		7,697.49		\$ 7,697.49	
Recycling Tonnage Grant		338.27	\$ 338.27		
Municipal Alliance on Alcohol and Drug Abuse	<u>\$ 9,537.00</u>	<u>9,540.00</u>		<u>8,636.16</u>	<u>10,440.84</u>
	<u><u>\$ 9,537.00</u></u>	<u><u>\$ 190,575.76</u></u>	<u><u>\$ 338.27</u></u>	<u><u>\$ 16,333.65</u></u>	<u><u>\$ 183,440.84</u></u>

TOWNSHIP OF LAWRENCE
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Unappropriated
For the Year Ended December 31, 2012

<u>Program</u>	Balance Dec. 31, 2011	Collected by Current Fund	Realized as Miscellaneous Revenue in Budget	Balance Dec. 31, 2012
Recycling Tonnage Grant	\$ 338.27	\$ 3,785.74	\$ 338.27	\$ 3,785.74
Municipal Court Alcohol Education Rehabilitation and Enforcement Fund		107.93		107.93
	<u>\$ 338.27</u>	<u>\$ 3,893.67</u>	<u>\$ 338.27</u>	<u>\$ 3,893.67</u>

TOWNSHIP OF LAWRENCE
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Appropriated
For the Year Ended December 31, 2012

<u>Program</u>	Appropriated Balance Dec. 31, 2011	Transferred from Budget Appropriation	Current Fund Cash Disbursements	Appropriated Balance Dec. 31, 2012
Clean Communities Program	\$ 11,638.90	\$ 7,697.49	\$ 7,788.55	\$ 11,547.84
Municipal Alliance on Alcohol and Drug Abuse	17,537.00	17,540.00	14,624.78	20,452.22
Municipal Court Alcohol Education Rehabilitation and Enforcement Fund	772.30			772.30
Municipal Stormwater Regulation Program	4,488.69			4,488.69
Recycling Tonnage Grant	2,544.33	338.27		2,882.60
NJ Transportation Trust Fund Authority Act 2012		173,000.00	116,593.24	56,406.76
	<u>\$ 36,981.22</u>	<u>\$ 198,575.76</u>	<u>\$ 139,006.57</u>	<u>\$ 96,550.41</u>
		Revenues	\$ 190,575.76	
		Match	8,000.00	
			<u>\$ 198,575.76</u>	

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Reserve for Garden State Preservation Trust Fund
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 62,826.00
Increased by:	
Collections	<u>62,826.00</u>
	125,652.00
Decreased by:	
Anticipated as Revenue	<u>62,826.00</u>
Balance December 31, 2012	<u><u>\$ 62,826.00</u></u>

Exhibit SA-18

FEDERAL AND STATE GRANT FUND
Statement of Due From/To Current Fund
For the Year Ended December 31, 2012

Balance December 31, 2011 (Due from)	\$ 27,782.49
Increased by:	
Collections of Grants Receivable by Current Fund	\$ 16,333.65
Collections of Unappropriated Grant by Current Fund	3,893.67
Matching Funds - Current Fund Budget	<u>8,000.00</u>
	<u>28,227.32</u>
	56,009.81
Decreased by:	
Disbursement of Appropriated Grants by Current Fund	<u>139,006.57</u>
Balance December 31, 2012 (Due to)	<u><u>\$ 82,996.76</u></u>

SUPPLEMENTAL EXHIBITS
TRUST FUND

TOWNSHIP OF LAWRENCE
TRUST FUNDS
Statement of Trust Cash
For the Year Ended December 31, 2012

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2011	\$ 4,152.78	\$ 61,341.12
Increased by Receipts:		
Dog License Fees Collected	\$ 2,469.00	
Due State Department of Health	615.00	
Due Current Fund	0.18	
Reserve for:		
Unemployment Insurance		\$ 814.61
Developer's Escrow		3,081.57
Tax Title Lien Redemptions		131,027.93
Payroll Withholdings Payable		460,680.65
	<u>3,084.18</u>	<u>595,604.76</u>
	7,236.96	656,945.88
Decreased by Disbursements:		
Due State Department of Health	628.80	
Due Current Fund as MRNA	463.77	1,572.27
Reserve for:		
Unemployment Insurance		1,074.00
Developer's Escrow		1,614.00
In-Rem Foreclosure Escrow		6,464.73
Tax Title Lien Redemptions		111,226.01
Payroll Withholdings Payable		463,783.90
	<u>1,092.57</u>	<u>585,734.91</u>
Balance December 31, 2012	<u><u>\$ 6,144.39</u></u>	<u><u>\$ 71,210.97</u></u>

TOWNSHIP OF LAWRENCE
TRUST -- ANIMAL CONTROL FUND
Statement of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 3,672.81
Increased by:	
Dog License Fees Collected	<u>2,469.00</u>
	6,141.81
Decreased by:	
Excess Reserve Due to Current Fund	<u>124.41</u>
Balance December 31, 2012	<u><u>\$ 6,017.40</u></u>

License Fees Collected
Year

Amount

2011	\$ 3,435.40
2010	<u>2,582.00</u>
	<u><u>\$ 6,017.40</u></u>

Exhibit SB-3

TRUST -- ANIMAL CONTROL FUND
Statement of Due to State of New Jersey
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 16.20
Increased by:	
Receipts	<u>615.00</u>
	631.20
Decreased by:	
Disbursements	<u>628.80</u>
Balance December 31, 2012	<u><u>\$ 2.40</u></u>

TOWNSHIP OF LAWRENCE
TRUST -- OTHER FUNDS
Statement of Changes in Reserves
For the Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>Dec. 31, 2012</u>
Reserve for:				
Unemployment Insurance	\$ 2,032.03	\$ 814.61	\$ 1,074.00	\$ 1,772.64
Sanitary Landfill Escrow	22,209.46			22,209.46
Developer's Escrow	4,636.05	3,081.57	1,614.00	6,103.62
In-Rem Foreclosure Escrow	16,609.70		6,464.73	10,144.97
Tax Title Lien Redemptions	8,061.88	131,027.93	111,226.01	27,863.80
Payroll Withholdings Payable	<u>6,219.73</u>	<u>460,680.65</u>	<u>463,783.90</u>	<u>3,116.48</u>
	<u>\$ 59,768.85</u>	<u>\$ 595,604.76</u>	<u>\$ 584,162.64</u>	<u>\$ 71,210.97</u>

SUPPLEMENTAL EXHIBITS
GENERAL CAPITAL FUND

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of General Capital Cash
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 500.01
Increased by:	
Interest Earnings - Due to Current Fund	<u>0.01</u>
Balance December 31, 2012	<u><u>\$ 500.02</u></u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2012

	Balance (Deficit) <u>Dec. 31, 2011</u>	Miscellaneous <u>Receipts</u>	Miscellaneous <u>Disbursements</u>	<u>Transfers</u>		Balance (Deficit) <u>Dec. 31, 2012</u>
				<u>To</u>	<u>From</u>	
Capital Improvement Fund	\$ 32,232.10			\$ 7,500.00	\$ 35,000.00	\$ 4,732.10
Due to Current Fund	98,434.22	\$ 0.01		139,813.51	247,500.00	(9,252.26)
Contracts Payable				10,883.14		10,883.14
Improvement Authorizations:						
Ordinance						
<u>Number</u>						
05-311, 06-323A	(3,102.78)			65,000.00	65,000.00	(3,102.78)
07-330	(65,602.00)			65,000.00		(602.00)
09-349	(23,661.53)					(23,661.53)
10-356	(37,800.00)					(37,800.00)
12-355				210,000.00	150,696.65	59,303.35
	<u>\$ 500.01</u>	<u>\$ 0.01</u>	<u>\$ -</u>	<u>\$ 498,196.65</u>	<u>\$ 498,196.65</u>	<u>\$ 500.02</u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Funded
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 104,702.20
Decreased by:	
Budget Appropriation - Payment of Green Trust Principal	<u>6,050.08</u>
Balance December 31, 2012	<u><u>\$ 98,652.12</u></u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Unfunded
For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	Increased by: Authorizations	Decreased by: Budget Appropriations	Balance Dec. 31, 2012	Expenditures	Analysis of Balance Dec. 31, 2012	
							Financed by Bond Anticipation Notes or Loans	Unexpended Improvement Authorization
05-311, 06-323A	Addition to and renovation of new fire house	\$ 760,635.00		\$ 140,000.00	\$ 620,635.00	\$ 3,102.78	\$ 605,000.00	\$ 12,532.22
07-330	Purchase of backhoe	65,602.00			65,602.00	602.00	65,000.00	
09-349	Improvements to Maple Avenue	23,661.53			23,661.53	23,661.53		
10-356	Purchase of dump truck and pickup truck	37,800.00			37,800.00	37,800.00		
12-355	Various Capital Improvements		\$ 175,000.00		175,000.00		175,000.00	
		<u>\$ 887,698.53</u>	<u>\$ 175,000.00</u>	<u>\$ 140,000.00</u>	<u>\$ 922,698.53</u>	<u>\$ 65,166.31</u>	<u>\$ 845,000.00</u>	<u>\$ 12,532.22</u>
Bonds and Notes Authorized but not Issued				\$ 65,000.00				
Bond Anticipation Notes				<u>75,000.00</u>				
				<u>\$ 140,000.00</u>				
Improvement Authorizations -- Unfunded								\$ 71,835.57
Less:								
Unexpended Proceed of Bond Anticipation Notes								
Ordinance Number								
12-355								<u>59,303.35</u>
								<u>\$ 12,532.22</u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 32,232.10
Increased by:	
Budget Appropriation	<u>7,500.00</u>
	39,732.10
Decreased by:	
Improvement Authorization	<u>35,000.00</u>
Balance December 31, 2012	<u><u>\$ 4,732.10</u></u>

Exhibit SC-6

GENERAL CAPITAL FUND
Statement of Due to / From Current Fund
For the Year Ended December 31, 2012

Balance December 31, 2011 (Due to)	\$ 98,434.22
Increased by:	
Interest Earnings	\$ 0.01
Disbursed by Current Fund	<u>139,813.51</u>
	<u>139,813.52</u>
	238,247.74
Decreased by:	
Cash collected by Current Fund	175,000.00
Capital Improvement Fund Budget Appropriation	7,500.00
Deferred Charges to Future Taxation Budget Appropriations	<u>65,000.00</u>
	<u>247,500.00</u>
Balance December 31, 2012 (Due from)	<u><u>\$ 9,252.26</u></u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2012

<u>Improvement Description</u>	<u>Ordinance</u> <u>Number</u>	<u>Amount</u>	<u>Balance</u> <u>Dec. 31, 2011</u>		<u>Authorization</u>	<u>Decreased by</u>		<u>Balance</u> <u>Dec. 31, 2012</u>	
			<u>Funded</u>	<u>Unfunded</u>		<u>Current Fund</u> <u>Disbursements</u>	<u>Contracts</u> <u>Payable</u>	<u>Funded</u>	<u>Unfunded</u>
Addition to and renovation of new fire house	05-311, 06-323A	\$ 1,055,000.00		\$ 12,532.22					\$ 12,532.22
Various Capital Improvements	12-355	210,000.00			\$ 210,000.00	\$ 139,813.51	\$ 10,883.14		59,303.35
			<u>\$ -</u>	<u>\$ 12,532.22</u>	<u>\$ 210,000.00</u>	<u>\$ 139,813.51</u>	<u>\$ 10,883.14</u>	<u>\$ -</u>	<u>\$ 71,835.57</u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Green Trust Loan Payable
For the Year Ended December 31, 2012

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Amount				
Construction of community park & recreation development	9/5/06	\$124,954.00	9/5/2013	\$ 6,171.69				
			9/5/2014	6,295.74				
			9/5/2015	6,422.29				
			9/5/2016	6,551.37				
			9/5/2017	6,683.05				
			9/5/2018	6,817.38				
			9/5/2019	6,954.42				
			9/5/2020	7,094.20				
			9/5/2021	7,236.79				
			9/5/2022	7,382.25				
			9/5/2023	7,530.63				
			9/5/2024	7,682.00				
			9/5/2025	7,836.41				
			9/5/2026	7,993.90	2.00%	<u>\$ 104,702.20</u>	<u>\$ 6,050.08</u>	<u>\$ 98,652.12</u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Bond Anticipation Notes
For the Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2012</u>
05-311, 06-323A	Addition to and renovation of new fire house	2/28/2008	2/25/2011 2/24/2012	2/24/2012 2/22/2013	1.75% 1.50%	\$ 745,000.00		\$ 745,000.00	
							\$ 605,000.00		\$ 605,000.00
07-330	Purchase of backhoe	2/24/2012	2/24/2012	2/22/2013	1.50%		65,000.00		65,000.00
12-355	Various Capital Improvements	9/21/2012	9/21/2012	9/20/2013	1.00%		175,000.00		175,000.00
						<u>\$ 745,000.00</u>	<u>\$ 845,000.00</u>	<u>\$ 745,000.00</u>	<u>\$ 845,000.00</u>
	Paid by budget appropriation							\$ 75,000.00	
	Issued						\$ 240,000.00		
	Bonds and Notes Authorized But Not Issued							65,000.00	
	Renewals						605,000.00	605,000.00	
							<u>\$ 845,000.00</u>	<u>\$ 745,000.00</u>	

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	Authorization	Notes Not Renewed	Decreased by		Balance Dec. 31, 2012
					BANS Issued	Budget Appropriation	
05-311, 06-323A	Addition to and renovation of new fire house	\$ 15,635.00		\$ 65,000.00		\$ 65,000.00	\$ 15,635.00
07-330	Purchase of backhoe	65,602.00			\$ 65,000.00		602.00
09-349	Improvements to Maple Avenue	23,661.53					23,661.53
10-356	Purchase of dump truck and pickup truck	37,800.00					37,800.00
12-355	Various Capital Improvements		\$ 175,000.00		175,000.00		
		<u>\$ 142,698.53</u>	<u>\$ 175,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ 240,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ 77,698.53</u>

TOWNSHIP OF LAWRENCE
PART 2
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF LAWRENCE
Schedule of Findings and Recommendations
For the Year Ended December 31, 2012

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

TOWNSHIP OF LAWRENCE
Summary Schedule of Prior Year Audit Findings
as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS

None

TOWNSHIP OF LAWRENCE
Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Elmer E. Bowman	Committeeperson – Mayor	
Joseph A. Miletta, Jr.	Committeeperson	
Erwin Sheppard	Committeeperson	
Ruth L. Dawson	Treasurer, Tax Collector, Township Clerk, Tax Search Officer, Registrar of Vital Statistics, Dog Registrar	\$ 100,000 (A)
Teresa C. Delp	Chief Financial Officer	5,000 (A)
Margaret Sharp	Deputy Tax Collector, Secretary to the Planning Board	
Donald P. Seifrit	Tax Assessor	
David M. Dean	Construction Code Official	
Thomas Seeley	Solicitor	
Fralinger Engineering, PA	Engineer	

(A) CNA Surety Company

(B) All non court employees are covered under a Blanket Surety Bond from the CNA Surety Company in the amount of \$5,000.

(C) All court employees are covered under a Blanket Surety Bond from the CNA Surety Company in the amount of \$15,000.

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read "Henry J. Ludwigsen". The signature is fluid and cursive, with a prominent initial "H" and a long, sweeping underline.

Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

