

TOWNSHIP OF LAKEWOOD
AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2012

**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

CONTENTS

PART 1

		PAGE
Independent Auditor's Report		1
Financial Statements – Regulatory Basis:	EXHIBITS	
Current Fund:		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	A	5
Comparative Statement of Operations and Changes in Fund Balance – Regulatory Basis	A-1	7
Statement of Revenues – Regulatory Basis	A-2	8
Statement of Expenditures – Regulatory Basis	A-3	11
Trust Fund:		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	B	18
General Capital Fund:		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	C	19
Payroll Fund:		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	D	20
General Fixed Assets Account Group:		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	E	21
Notes to Financial Statements		23
Supplemental Schedules:		
Current Fund		
Schedule of Cash & Cash Equivalents - Treasurer	A-4	42
Schedule of Current Cash - Collector	A-5	43
Schedule of Taxes Receivable & Analysis of Property Tax Levy	A-6	44
Schedule of Tax Title Liens	A-7	45
Schedule of Change Funds	A-8	45
Schedule of Property Acquired for Taxes	A-9	46

(Continued)

	EXHIBITS	PAGE
Current Fund (continued):		
Schedule of Due From State of New Jersey	A-10	46
Schedule of Demolition Charges Receivable	A-11	46
Schedule of Revenue Accounts Receivable	A-12	47
Schedule of Deferred Charges	A-13	48
Schedule of 2011 Appropriation Reserves	A-14	49
Schedule of Accounts Payable	A-15	52
Schedule of Prepaid Taxes	A-16	52
Schedule of Tax Overpayments	A-17	52
Schedule of County Taxes Payable	A-18	53
Schedule of Local District School Taxes Payable	A-19	53
Schedule of Fire District Taxes Payable	A-20	53
Schedule of Various Reserves	A-21	54
Schedule of Due to State of New Jersey	A-22	54
Schedule of Reserve for State Board of Taxation Appeals	A-23	55
Schedule of Deposits on Sale of Property	A-24	55
Schedule of Due to Lakewood Housing	A-25	55
Schedule of Interfunds – Other Funds	A-26	56
Schedule of Special Emergency Notes	A-27	57
Schedule of Due to Current Fund	A-28	58
Federal and State Grant Fund:		
Schedule of Grants Receivable	A-29	59
Schedule of Appropriated Reserves	A-30	61
Schedule of Unappropriated Reserves	A-31	65
Trust Fund:		
Schedule of Cash and Cash Equivalents	B-1	67
Schedule of Investments	B-2	68
Schedule of Reserve for Animal Control Expenditures	B-3	68
Animal Control Trust Fund:		
Schedule of Interfund – Current Fund	B-4	69
Schedule of Due from State of New Jersey	B-5	69
Schedule of Reserve for Revolving Loan Grant	B-6	70
Schedule of Interfund – Current Fund	B-7	70
Schedule of Various Reserves	B-8	71
General Capital Fund:		
Schedule of Fund Balance – Regulatory Basis	C-1	73
Schedule of Cash, Cash Equivalents & Investments	C-2	73
Analysis of General Capital Cash, Cash Equivalents & Investments	C-3	74
Schedule of Deferred Charges to Future Taxation - Funded	C-4	75
Schedule of Deferred Charges to Future Taxation – Unfunded	C-5	76
Schedule of Prospective Assessments Raised by Taxation	C-6	78
Schedule of Due from American Baseball Company, LLC	C-7	78
Schedule of Improvement Authorizations	C-8	79
Schedule of General Serial Bonds	C-9	84
Schedule of Bond Anticipation Notes	C-10	87
Schedule of Capital Improvement Fund	C-11	88
Schedule of NJ Economic Development Authority Loan	C-12	89
Schedule of Reserve for Improvements	C-13	90
Schedule of Reserve for Renewal & Replacement	C-14	90

(Continued)

	EXHIBITS	PAGE
General Capital Fund (continued):		
Schedule of Bonds & Notes Authorized but not Issued	C-15	91
General Fixed Assets:		
Schedule of Investments in General Fixed Assets	E-1	93
Single Audit Section:		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	K-1	95
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	K-2	97
Schedule of Expenditure of Federal Awards	K-3	99
Schedule of Expenditure of State Financial Assistance	K-4	100
Notes to Schedule of State Financial Assistance	K-5	101
Schedule of Findings & Questioned Costs	K-6	102
Summary Schedule of Prior Audit Findings	K-7	109
Supplementary Data:		
Summary of Statutory Debt		114
Comparative Statement of Operations & Change in Fund Balance - Current Fund		115
Comparison of Tax Levies and Collection Currently		116
Property Acquired By Tax Title Lien Liquidation		117
Officials in Office		118

PART II

Comments and Recommendations:	
Scope of Audit	120
Contracts and Agreements Required to be Advertised	120
Contracts and Agreements Requiring Solicitation of Quotations	121
Collection of Interest on Delinquent Taxes	121
Delinquent Taxes and Tax Title Liens	122
Examination of Bills	122
Payroll Fund	122
Municipal Court	123
Tax Collector	123
Follow-Up of Prior Year Findings	125
Acknowledgment	125
	(Concluded)

**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Lakewood
County of Ocean
Lakewood, New Jersey 08701

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Lakewood, State of New Jersey as of December 31, 2012 and 2011, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related comparative statement of revenues--regulatory basis, statement of expenditures--regulatory basis and the related notes to the financial statements for the year ended December 31, 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and 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. 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the effects of the matters, as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Lakewood, County of Ocean, State of New Jersey, as of December 31, 2012, or the results of its operations or its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Lakewood, County of Ocean, State of New Jersey, as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance of such funds--regulatory basis 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 Matters

Report on Supplementary Information

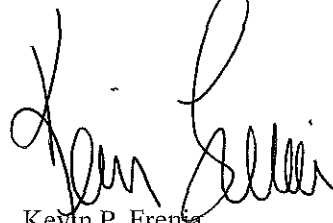
Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The accompanying schedule of expenditures of federal awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2013, on our consideration of the Township of Lakewood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lakewood's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia", is written over the printed name.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
No. CR435

Medford, New Jersey
May 10, 2013

BASIC FINANCIAL STATEMENTS

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Regular Fund:			
Cash & Cash Equivalents	A-4	\$ 18,316,192	\$ 36,335,434
Cash - Change Fund	A-8	1,015	950
Due from State of New Jersey	A-10	96,493	103,681
Total Regular Fund		18,413,700	36,440,065
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	3,448,199	3,676,409
Abatement Receivable	A	237,851	182,971
Tax Title Liens Receivable	A-7	1,231,914	1,020,090
Demolition Charges Receivable	A-11	21,854	26,224
Property Acquired for Taxes	A-9	54,789,200	5,930,092
Revenue Accounts Receivable	A-12	227,096	247,591
Due from Payroll	D	107,548	
Total Receivable & Other Assets With Full Reserves		60,063,662	11,083,377
Deferred Charges:			
Emergency Authorizations	A		40,000
Special Emergency Authorizations	A-13	1,172,800	1,536,000
Total Deferred Charges		1,172,800	1,576,000
Total		79,650,162	49,099,442
Federal & State Grants:			
Due from Current Fund	A-28	55,336	500,407
Federal & State Grants Receivable	A-29	8,556,537	9,225,252
Total Federal & State Grants		8,611,873	9,725,659
Total Assets		\$ 88,262,035	\$ 58,825,101

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2012	2011
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 3,525,661	\$ 2,988,403
Reserve for Encumbrances	A-3	1,025,489	723,698
Accounts Payable	A-15	155,563	124,352
Prepaid Taxes	A-16	789,335	959,496
Tax Overpayments	A-17	4,449,041	3,956,375
County Taxes Payable	A-18	276,005	303,711
Local District School Tax Payable	A-19	699,106	128,615
Due to State of New Jersey	A-22	18,815	35,518
Reserve for State Board of Taxation Appeals	A-23		313,698
Reserve for Reassessment	A	24,200	27,315
Interfunds Payable	A-26	992,069	1,509,129
Deposits on Sale of Property	A-24	129,752	148,252
Due to Lakewood Housing	A-25	1,556	
Tax Anticipation Note	A		15,000,000
Special Emergency Notes	A-27	1,172,800	1,536,000
Various Reserves	A-21	152,224	225,044
Total Liabilities		<u>13,411,616</u>	<u>27,979,606</u>
Reserves for Receivables & Other Assets	A	60,063,662	11,083,377
Fund Balance	A-1	<u>6,174,884</u>	<u>10,036,459</u>
Total Regular Fund		<u>79,650,162</u>	<u>49,099,442</u>
State & Federal Grants:			
Reserve for State & Federal Grants:			
Encumbered	A-30	858,755	725,602
Reserved	A-30	7,624,991	8,901,221
Unappropriated Reserves	A-31	<u>128,127</u>	<u>98,836</u>
Total State & Federal Grants		<u>8,611,873</u>	<u>9,725,659</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 88,262,035</u>	<u>\$ 58,825,101</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF LAKEWOOD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 7,997,000	\$ 5,973,250
Miscellaneous Revenue Anticipated	15,156,447	15,095,032
Receipts from Delinquent Taxes	2,809,923	5,947,502
Receipts from Current Taxes	141,152,778	141,165,249
Nonbudget Revenues	1,541,202	2,883,799
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,686,711	738,820
Cancellation of Grant Appropriated Reserve		13,346
Cancellation of Accounts Payable		82,350
Reserve for Revaluation Cancelled		20,000
Cancellation of Reserve for Tax Appeals	313,698	
Interfunds Returned	37,322	481,073
Total	<u>170,695,081</u>	<u>172,400,421</u>
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	24,694,523	23,622,947
Other Expenses	22,679,169	22,607,731
Deferred Charges & Statutory Expenditures	5,570,945	5,661,238
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	4,944,619	4,146,821
Capital Improvements	150,000	43,000
Municipal Debt Service	6,639,603	7,003,499
Deferred Charges	403,200	140,000
Local School District Taxes	72,246,057	71,105,078
County Taxes Payable	27,028,508	27,108,995
Fire District Taxes Payable	2,053,209	3,142,673
Cancellation of Grant Receivable Without Appropriation	65,711	
Refund of Prior Year Revenue	84,112	
Total	<u>166,559,656</u>	<u>164,581,982</u>
Excess in Revenue	4,135,425	7,818,439
Expenditures Included Above which are by Statute		
Deferred Charges to Budgets of Succeeding Years		<u>1,156,000</u>
Statutory Excess to Fund Balance	4,135,425	8,974,439
Fund Balance January 1,	A 10,036,459	<u>7,035,270</u>
Total	14,171,884	16,009,709
Less: Amount of Fund Balance Utilized as Revenue	A-2 7,997,000	<u>5,973,250</u>
Fund Balance December 31, 2012	A <u>\$ 6,174,884</u>	<u>\$ 10,036,459</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	ANTICIPATED			
	ADOPTED	SPECIAL		EXCESS
	BUDGET	N.J.S.40A:4-87	REALIZED	(DEFICIT)
Fund Balance Anticipated	\$ 7,997,000		\$ 7,997,000	
Miscellaneous Revenues Anticipated:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	80,000		81,550	1,550
Other	130,000		143,192	13,192
Fees & Permits:				
Uniform Construction Code	1,300,000		1,444,311	144,311
Other	470,000		454,240	(15,760)
Fines & Costs - Municipal Court	681,000		746,159	65,159
Interest & Costs on Taxes	875,000		875,925	925
Police Identification Fees	24,500		27,156	2,656
Payment in Lieu of Taxes:				
Sons of Israel	150,000		95,000	(55,000)
Lakewood Plaza II	96,000		103,920	7,920
Consolidated Municipal Property Tax Relief	601,414		601,414	
Energy Receipts Tax	4,556,193		4,556,193	
Tax Abatement Program Revenues	458,726		354,036	(104,690)
Emergency Medical Services	980,000		900,124	(79,876)
Recycling Revenues from County	200,000		181,425	(18,575)
General Capital Fund Balance	137,000		137,000	
Municipal Hotel & Occupancy Tax	100,000		122,499	22,499
Police Off-Duty Funds	90,000		97,184	7,184
Cell Tower Lease	72,000		77,444	5,444
Cable TV Franchise Fees	143,711		147,937	4,226
Subtotal Local Revenues	11,145,544		11,146,709	1,165
Federal & State Grants:				
Recycling Tonnage Grant	79,630		79,630	
Alcohol Education & Rehabilitation Fund	3,993		3,993	
Municipal Alliance on Alcoholism & Drug Abuse	48,000		48,000	
Safe & Secure Communities Program	60,000		60,000	
Community Development Block Grant		873,048	873,048	
Clean Communities		88,208	88,208	
Edward Byrne Memorial Justice Grant		92,535	92,535	
Body Armor Replacement Grant	10,213		10,213	
NJDOT Highway Safety Fund	64,361		64,361	
New Jersey Emergency Assistance Grant	5,000		5,000	
US DOT Lakewood Airport	162,890	392,537	555,427	
Urban Enterprise Zone:				
Administrative Grant		180,000	180,000	
Municipal Services	690,000		690,000	

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	ANTICIPATED			
	ADOPTED	SPECIAL		EXCESS
	BUDGET	N.J.S.40A:4-87	REALIZED	(DEFICIT)
Federal & State Grants (continued):				
NJDOT 2012 Municipal Aid Program	351,200		351,200	
Financial Assistance Program	135,000		135,000	
Hatzolah Emergency Vehicle	20,000		20,000	
Lakewood Transit Connect	50,000	50,000	100,000	
Infrastructure Improvements Lakewood				
Industrial Park	300,000		300,000	
Downtown Parking Development Phase	37,123		37,123	
Downtown Parking Development Phase 4		200,000	200,000	
Food Bank Funds		16,000	16,000	
Business Assistance Initiative Grant		100,000	100,000	
Total Miscellaneous Revenue	13,162,954	1,992,328	15,156,447	1,165
Receipts From Delinquent Taxes	4,100,000		2,809,923	(1,290,077)
Amount to be Raised by Taxes	43,794,587		45,765,309	1,970,722
Nonbudget Revenues			1,541,202	1,541,202
Total	<u>\$ 69,054,541</u>	<u>\$ 1,992,328</u>	<u>\$ 73,269,881</u>	<u>\$ 2,223,012</u>

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collection	<u>\$ 141,152,778</u>
Net Revenue from Collections	141,152,778
Allocated to School, County & Fire District Taxes	<u>101,327,774</u>
Balance for Support of Municipal Budget Appropriations	39,825,004
Add: Reserve for Uncollected Taxes	<u>5,940,305</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 45,765,309</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Interest on Investments & Deposits	\$ 38,789
State Administration Fee - Senior Citizens' & Veterans'	14,277
Cable Television Franchise Fee	23,032
Recycling	40,529
Macedonia/Senior Housing - PILOT	31,821
Miscellaneous Other	43,656
Miscellaneous - Tax Collector	8,839
Cancel Outstanding Checks	17,294
Scibal	60,882
American Water Company	8,445
American Baseball Utility Reimbursement	23,819
Baseball Stadium Rent	25,000
Co-Gen Host Community Fees	281,503
Lakewood Board of Education - Fuel Usage Reimbursement	34,351
Lakewood MUA - Fuel Usage Reimbursement	27,806
Street Opening Permit Fees	15,900
Crossing Guard Reimbursement	7,678
Airport Lease - Aviation Charter	14,767
Hurricane Irene Reimbursement	7,264
Sale of Municipal Property	773,500
OC 996 Reimbursement Program	7,832
Lease of Property	34,218
	<hr/>
Total	<u><u>\$ 1,541,202</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN CAPS					
GENERAL GOVERNMENT FUNCTIONS:					
Administrative & Executive:					
Office of the Manager					
Salaries and Wages	\$ 421,790	\$ 421,790	\$ 391,824	\$ 29,966	
Other Expenses	16,150	16,150	12,952	3,198	
Governing Body:					
Salaries and Wages	108,915	118,220	117,500	720	
Other Expenses	77,650	77,650	42,064	35,586	
Office of the Clerk:					
Salaries and Wages	243,078	263,078	263,023	55	
Other Expenses	39,800	39,800	35,189	4,611	
Purchasing Department:					
Salaries and Wages	114,055	114,080	112,467	1,613	
Other Expenses	200,300	200,300	182,398	17,902	
Financial Administration					
Salaries and Wages	289,417	289,417	278,943	10,474	
Other Expenses	17,480	17,480	3,952	13,528	
Audit Services:					
Other Expenses	60,000	60,000		60,000	
Computer Center:					
Other Expenses	118,750	108,750	89,950	18,800	
Collection of Taxes:					
Salaries and Wages	355,000	334,975	296,587	38,388	
Other Expenses	40,955	40,955	36,891	4,064	
Assessment of Taxes:					
Salaries and Wages	333,982	333,982	321,058	12,924	
Other Expenses	209,555	209,555	180,171	29,384	
Liquidation of Tax Liens & Foreclosed Property:					
Other Expenses	20,500	7,500		7,500	
Legal Services & Costs:					
Other Expenses	653,000	678,000	626,668	51,332	
Engineering Services & Costs:					
Other Expenses	581,750	647,250	643,882	3,368	
Civil Rights Commission (N.J.S. 18:25-10):					
Other Expenses	1,250	1,250		1,250	
Advisory Board on Disability:					
Other Expenses	1,500	1,500		1,500	
Tourism Advisory Committee:					
Other Expenses	3,500	3,500		3,500	
Veterans Advisory Committee:					
Other Expenses	8,000	8,000	8,000		

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELLED
OPERATIONS WITHIN CAPS					
LAND USE ADMINISTRATION:					
Planning Board:					
Other Expenses	32,755	39,355	39,018	337	
Zoning Board:					
Other Expenses	42,400	37,400	30,710	6,690	
PUBLIC SAFETY FUNCTIONS:					
Police:					
Salaries and Wages	14,978,000	14,657,500	14,483,595	173,905	
Other Expenses	534,300	829,300	821,006	8,294	
Emergency Management Services:					
Salaries and Wages	76,214	76,214	74,718	1,496	
Other Expenses	36,750	49,750	44,215	5,535	
Emergency Medical Technicians:					
Salaries and Wages	885,000	870,695	815,425	55,270	
Other Expenses	35,350	45,850	44,455	1,395	
Municipal Prosecutor:					
Other Expenses	80,000	80,000	68,750	11,250	
PUBLIC WORKS FUNCTION:					
Road Repairs & Maintenance:					
Salaries and Wages	932,036	871,936	842,800	29,136	
Other Expenses	318,500	318,500	212,931	105,569	
Street Cleaning:					
Salaries and Wages	186,898	184,898	168,148	16,750	
Other Expenses	14,500	14,500	13,867	633	
Storm Sewer Pipe - Emergency					
Department of Public Works:					
Salaries and Wages	476,547	511,547	501,376	10,171	
Other Expenses	44,770	44,770	41,842	2,928	
Shade Tree Commission:					
Salaries and Wages	125,359	131,359	129,125	2,234	
Other Expenses	7,000	9,000	6,437	2,563	
Cross Street Landfill Maintenance:					
Other Expenses	10,000	10,000	1,390	8,610	
Garbage & Trash Removal:					
Salaries and Wages	1,015,117	1,030,117	1,030,117		
Other Expenses	201,500	201,500	198,725	2,775	
Recycling:					
Salaries and Wages	729,283	729,283	715,041	14,242	
Other Expenses	61,000	61,000	58,365	2,635	
Public Buildings & Grounds:					
Salaries and Wages	226,410	227,510	226,584	926	
Other Expenses	149,900	178,900	175,387	3,513	
Apartment Trash Reimbursements:					
Other Expenses	511,501	460,601	434,679	25,922	
Automotive Mechanics:					
Salaries and Wages	535,000	535,000	378,609	156,391	

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN CAPS					
PUBLIC WORKS FUNCTION (continued):					
Municipal Garage:					
Salaries and Wages	118,556	92,056	80,301	11,755	
Other Expenses	99,000	99,000	97,881	1,119	
Community Services Act:					
Other Expenses	1,500,000	1,460,000	767,019	692,981	
MUNICIPAL COURT FUNCTIONS:					
Municipal Court:					
Salaries and Wages	502,930	492,930	462,196	30,734	
Other Expenses	34,050	37,050	33,993	3,057	
Public Defender:					
Other Expenses	35,000	35,000	16,913	18,087	
HEALTH & HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries and Wages	48,000	48,000	44,680	3,320	
Other Expenses	1,880	2,180	1,924	256	
Environmental Commission (N.J.S. 40:56-A-1, et seq.):					
Other Expenses	2,000	2,000	1,287	713	
Animal Control					
Salaries and Wages	58,031	59,531	59,257	274	
Other Expenses	78,700	78,700	70,575	8,125	
Relocation Assistance Program					
Other Expenses	7,500	7,500		7,500	
Senior & Social Services:					
Other Expenses	230,000	230,000	230,000		
Lakewood Community Services Corporation (N.J.S.A. 40:23-8.17)	30,000	30,000	30,000		
PARKS & RECREATION FUNCTIONS:					
Recreation:					
Salaries and Wages	183,000	183,000	156,714	26,286	
Other Expenses	95,000	95,000	86,713	8,287	
Community Center:					
Salaries and Wages	143,390	152,390	149,064	3,326	
Other Expenses	28,650	28,650	23,420	5,230	

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
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 MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>BALANCE CANCELLED</u>
OPERATIONS WITHIN CAPS					
PARKS & RECREATION FUNCTIONS (continued):					
Parks & Playgrounds:					
Salaries and Wages	921,714	888,714	843,074	45,640	
Other Expenses	133,150	133,150	132,463	687	
OTHER COMMON OPERATING FUNCTIONS:					
Accumulated Leave Compensation	80,000	80,000	80,000		
Celebration of Public Events:					
Other Expenses	12,000	12,000	11,000	1,000	
Transfer to Lakewood Airport Authority	100,000	100,000	24,429	75,571	
Prior Year Bills					
CODE ENFORCEMENT & ADMINISTRATION:					
State Uniform Construction Code Officials:					
Salaries and Wages	965,997	965,177	940,994	24,183	
Other Expenses	140,650	140,650	122,348	18,302	
Property Maintenance Code:					
Salaries and Wages	110,304	111,124	111,124		
INSURANCE:					
Liability Insurance	684,000	684,000	663,983	20,017	
Workers Compensation Insurance	995,943	995,943	995,942	1	
Group Insurance Plan for Employees	8,514,480	8,395,980	8,301,501	94,479	
Health Insurance Waivers	95,000	95,000	95,000		
UTILITY EXPENSES & BULK PURCHASES:					
Electricity	510,000	510,000	134,937	375,063	
Street Lighting	950,000	950,000	38,186	911,814	
Telephone	90,000	90,000	87,778	2,222	
Water	48,000	48,000	37,657	10,343	
Natural Gas	115,000	115,000	69,459	45,541	
Gasoline	1,000,000	1,065,000	1,055,201	9,799	
Stadium Utilities	33,500	33,500	20,753	12,747	
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Landfill Disposal Costs	2,500,000	2,622,000	2,622,000		
Total Operations Within CAPS	47,357,892	47,367,892	43,900,600	3,467,292	
Contingent	7,500	7,500	1,700	5,800	
Total Operations Including Contingent					
Within "CAPS"	47,365,392	47,375,392	43,902,300	3,473,092	
Detail:					
Salaries and Wages	25,084,023	24,694,523	23,994,344	700,179	
Other Expenses	22,281,369	22,680,869	19,906,256	2,772,913	
DEFERRED CHARGES & STATUTORY					
EXPENDITURES WITHIN CAPS:					
Statutory Expenditures:					
Contributions to Employees					
Retirement System	1,229,424	1,229,424	1,229,424		

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELLED
OPERATIONS WITHIN CAPS					
Statutory Expenditures (continued):					
Social Security System (O.A.S.I.)	1,100,000	1,090,000	1,067,431	22,569	
NJ Police & Fireman's Retirement System	3,246,721	3,246,721	3,246,721		
Volunteer Firemen's Widow Pension R.S.43:12-28.2	4,800	4,800	4,800		
Deferred Charges & Statutory Expenditures Within CAPS	5,580,945	5,570,945	5,548,376	22,569	
Total Appropriations Within CAPS	52,946,337	52,946,337	49,450,676	3,495,661	
OPERATIONS - EXCLUDED FROM CAPS					
Recycling Tax:					
Other Expenses	96,849	96,849	96,849		
SMFP Fire District Payments	47,327	47,327	47,327		
Group Insurance Plan for Employees	335,520	335,520	335,520		
Total Operations Excluded from "CAPS"	479,696	479,696	479,696		
Public & Private Programs Offset by Revenues:					
Drunk Driving Enforcement Program					
Municipal Drug Alliance:					
State Share	48,000	48,000	48,000		
Local Share	12,000	12,000	12,000		
Safe & Secure Communities Program:					
State Share	60,000	60,000	60,000		
Local Share	173,971	173,971	173,971		
OSHP Cars Grant					
Community Development Block Grant		873,048	873,048		
Alcohol Education & Rehabilitation Fund	3,993	3,993	3,993		
Edward Byrne Memorial Justice Grant		92,535	92,535		
Recycling Tonnage Grant	79,630	79,630	79,630		
Clean Communities		88,208	88,208		
Body Armor Replacement Grant	10,213	10,213	10,213		

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATIONS EXCLUDED FROM CAPS	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Public & Private Programs Offset by Revenues (continued):					
Matching Funds for Grants	30,000	30,000		30,000	
Food Bank Funds		16,000	16,000		
Urban Enterprise Zone:					
Administrative Grant		180,000	180,000		
Municipal Services:					
State Share	690,000	690,000	690,000		
Local Share	230,640	230,640	230,640		
NJ Emergency Assistance Grant	5,000	5,000	5,000		
NJDOT 2011 Highway Safety Fund	64,361	64,361	64,361		
Financial Assistance Program	135,000	135,000	135,000		
Downtown Parking Development Phase	37,123	37,123	37,123		
Downtown Parking Development Phase IV		200,000	200,000		
Hatzolah Emergency Vehicle	20,000	20,000	20,000		
Infrastructure Improvements Lakewood					
Industrial Park	300,000	300,000	300,000		
Business Assistance Initiative II		100,000	100,000		
NJDOT 2012 Municipal Aide Program	351,200	351,200	351,200		
USDOT FAA Lakewood Airport					
Federal Share	162,890	555,427	555,427		
Local Share	8,574	8,574	8,574		
Lakewood Transit Connect	50,000	100,000	100,000		
Total Public & Private Programs Offset by Revenues	2,472,595	4,464,923	4,434,923	30,000	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	150,000	150,000	150,000		
Total Capital Improvements - Excluded from CAPS	150,000	150,000	150,000		

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS EXCLUDED FROM CAPS	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELLED
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	3,660,000	3,660,000	3,660,000		
Payment of Bond Anticipation Notes	860,000	860,000	860,000		
Interest on Bonds	1,908,913	1,908,913	1,886,118		22,795
Interest on Notes	194,870	194,870	194,860		10
Green Trust Loan Program:					
Principal	37,500	37,500	37,500		
Interest	1,125	1,125	1,125		
Total Municipal Debt Service - Excluded from CAPS	6,662,408	6,662,408	6,639,603		22,805
Deferred Charges - Excluded from "CAPS":					
Emergency Authorizations	40,000	40,000	40,000		
Special Emergency Authorizations - 5 Years	363,200	363,200	363,200		
Total Deferred Charges - Municipal - Excluded from CAPS:	403,200	403,200	403,200		
Total General Appropriations Excluded from CAPS	10,167,899	12,160,227	12,107,422	30,000	22,805
Subtotal General Appropriations	63,114,236	65,106,564	61,558,098	3,525,661	22,805
Reserve For Uncollected Taxes	5,940,305	5,940,305	5,940,305		
Total General Appropriations	\$ 69,054,541	\$ 71,046,869	\$ 67,498,403	\$3,525,661	\$ 22,805
Budget		\$ 69,054,541			
Added by N.J.A. 40A:4-87		1,992,328			
Total		\$ 71,046,869			
Disbursements			\$ 55,694,486		
Reserve for Encumbrances			1,025,489		
Appropriated Reserves for Federal & State Grants			4,434,923		
Deferred Charges			403,200		
Reserve for Uncollected Taxes			5,940,305		
Total			\$ 67,498,403		

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Animal Control Trust Fund:			
Due from State of New Jersey	B-5	\$ 400	\$ 424
Interfund - Current Fund	B-4	<u>23,877</u>	<u>20,012</u>
Total Animal Control Fund		<u>24,277</u>	<u>20,436</u>
Grant Trust Fund:			
Cash	B-1	<u>198,033</u>	<u>197,536</u>
General Trust Fund:			
Cash & Cash Equivalents	B-1	7,210,675	6,779,029
Investments	B-2	2,547,229	2,546,137
Interfund - Current Fund	B-7	<u>912,856</u>	<u>988,710</u>
Total General Trust Fund		<u>10,670,760</u>	<u>10,313,876</u>
Total Assets		<u><u>\$ 10,893,070</u></u>	<u><u>\$ 10,531,848</u></u>
 LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-3	<u>\$ 24,277</u>	<u>\$ 20,436</u>
Total Animal Control Fund		<u>24,277</u>	<u>20,436</u>
Grant Trust Fund:			
Reserve for Revolving Loan Grant	B-6	<u>198,033</u>	<u>197,536</u>
General Trust Fund:			
Various Reserves	B-8	<u>10,670,760</u>	<u>10,313,876</u>
Total General Trust Fund		<u>10,670,760</u>	<u>10,313,876</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 10,893,070</u></u>	<u><u>\$ 10,531,848</u></u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Cash & Cash Equivalents	C-2	\$ 1,168,731	\$ 1,603,359
Deferred Charges to Future Taxation:			
Funded	C-4	38,472,500	42,315,000
Unfunded	C-5	19,973,446	18,214,284
Prospective Assessments Raised by Taxation	C-6	3,600	3,600
Due from American Baseball Company, L.L.C.	C-7		1,000,000
Total Assets		<u>\$ 59,618,277</u>	<u>\$ 63,136,243</u>
LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Encumbered	C-8	\$ 630,703	\$ 423,764
Funded	C-8	302,025	1,577,469
Unfunded	C-8	10,739,424	9,340,770
Serial Bonds	C-9	38,435,000	42,240,000
Bond Anticipation Notes	C-10	8,980,000	9,160,000
Capital Improvement Fund	C-11	56,882	57,747
N.J. Economic Development Authority Loan	C-12	37,500	75,000
Reserve for Improvements	C-13	9,716	9,716
Reserve for Prospective Assessments Raised by Taxation		3,600	3,600
Reserve for Bond Funding COE		17,003	
Reserve for Renewal & Replacement	C-14	101,356	110,211
Fund Balance	C-1	<u>305,068</u>	<u>137,966</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 59,618,277</u>	<u>\$ 63,136,243</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$10,993,446 and on December 31, 2011 was \$9,054,283.

**TOWNSHIP OF LAKEWOOD
PAYROLL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	<u>2012</u>	<u>2011</u>
Cash	<u>\$ 384,533</u>	<u>\$ 144,741</u>
Total Assets	<u><u>\$ 384,533</u></u>	<u><u>\$ 144,741</u></u>
LIABILITIES & RESERVES		
Due to Current Fund	\$ 107,548	\$ -
Due to Various Agencies	<u>276,985</u>	<u>144,741</u>
Total Liabilities & Reserves	<u><u>\$ 384,533</u></u>	<u><u>\$ 144,741</u></u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$ 10,716,400	\$ 10,716,400
Buildings	26,933,005	26,933,005
Furniture & Fixtures, Equipment & Vehicles	<u>17,147,792</u>	<u>16,949,938</u>
Total	<u>\$ 54,797,197</u>	<u>\$ 54,599,343</u>
FUND BALANCE		
Total Investment in General Fixed Assets	<u>\$ 54,797,197</u>	<u>\$ 54,599,343</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity - The Township of Lakewood is organized as a Committee-Manager municipality under the provisions of *N.J.S.40:69A-82* et seq. The Township is governed by an elected Committee and by an appointed Municipal Manager and by such other officers and employees as may be duly appointed. The Committee shall consist of five members elected at large by voters of the Municipality and shall service for a term of three years beginning on the first day of January next following their election and that the Mayor shall be elected by the members of the Committee. Each member of the Committee carries a legislative vote.

This report includes the financial statements of the township of Lakewood (the "Township"), within the County of Ocean, in the State of New Jersey and reflects the activities of the Municipality which is under the control of the Mayor and Township Committee. The financial statements of the Board of Education and Fire District are reported separately since their activities are administered by separate boards.

The Township's governing body is also responsible for appointing the members of the boards of other organizations, but the Township's accountability for these organizations do not extend beyond making the appointments. The governing body appoints the board members of the Lakewood Development Corporation, Lakewood Municipal Utilities Authority and the Lakewood Housing Authority.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township of Lakewood 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 State of America applicable to local government units. The more significant differences are explained in this Note.

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

Current Fund - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

Trust Funds -- receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created, including dog license revenue and expenditures and sundry deposits held for satisfactory completion of specific work.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

Budgets and Budgetary Accounting – The Township of Lakewood 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 10th 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 the 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. 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. *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, 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 the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with 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 full amount of their deposits to the Governmental Units.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

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

The Township of Lakewood deposit Funds in public depositories protected from loss under the provisions of the Act.

Interfunds – Interfund receivables and payables that rise 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.

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.

General Fixed Assets – Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from generally accepted accounting principles. The following is brief description of the provisions of the Directive:

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value. No depreciation on general fixed assets is recorded in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

	Balance December 31, 2011	Additions	Deletions	Balance December 31, 2012
Land & Land	\$10,716,400			\$10,716,400
Buildings	26,933,005			26,933,005
Furniture & Fixtures, Equipment & Vehicles	16,949,938	\$314,894	\$117,040	17,147,792
Total	<u>\$54,599,343</u>	<u>\$314,894</u>	<u>\$117,040</u>	<u>\$54,797,197</u>

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

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

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 balances included in the Current Fund and Utility Operating Funds represent amounts available for anticipation as revenue in future years budgets, with certain restrictions.

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 balance sheet 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 Ocean and the Township of Lakewood Regional 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 Lakewood 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 Ocean. 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.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

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

Fire District Taxes – The municipality is responsible for levying, collecting and remitting taxes for the Township of Lakewood Fire District No. 1 and Township of Lakewood Fire District 2.

Reserve for Uncollected Taxes – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the township’s annual budget projects 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 an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When expenditure is 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 payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual 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.

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 Post-Employment 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 post-employment benefits, if any, which are also funded on the pay-as-you-go basis.

Comparative Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township’s financial position and operations. However, comparative data have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

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

Subsequent Events - The Township of Lakewood has evaluated subsequent events occurring after December 31, 2012 through the date of May 10, 2013, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents:

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2012, and reported at fair value are as follows:

Deposits:

Demand Deposits	<u>\$27,278,164</u>
-----------------	---------------------

Total Deposits	<u>\$27,278,164</u>
----------------	---------------------

Reconciliation of Statements of Assets, Liabilities, Reserves and Fund Balance:

Current:

Treasurer	\$18,316,192
Grant Trust	198,033
Other Trust	7,210,675
Payroll Trust	384,533
General Capital	<u>1,168,731</u>

Total	<u>\$27,278,164</u>
-------	---------------------

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The Districts does not have a deposit policy for custodial credit risk. As of December 31, 2012, the District's bank balance of \$28,477,145 was insured and collateralized as follows:

Insured	\$ 1,751,656
Collateralized in the District's Name Under GUDPA (See Note 3)	<u>26,725,489</u>
Total	<u>\$28,477,145</u>

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 3. Investments

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either the counterparty or the counterparty's trust department or agent but not in the Township's name. All of the Township's investments are held in the name of the Township and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2012, are provided in the above schedule.

C. Investment Credit Risk

The Township has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or 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 obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Township or bonds or other obligations of the local unit or units within which the Township is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Township;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012

Note 3. Investments (continued):

- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2012, the Township had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>
Trust Other	<u>\$2,547,299</u>
Total Investment	<u>\$2,547,299</u>

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

The Township has deposited cash in 2012 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Township invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 4. Governmental Unit Deposit Protection Act (GUDPA) (continued):

liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 5. Interfund Receivables and Payables

The following interfund balances were recorded on the various balance sheets as of December 31, 2012:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 107,548	\$ 992,069
Federal & State Grant Fund	55,336	
Other Trust Funds	912,856	
Payroll Fund		107,548
Animal Control Fund	<u>23,877</u>	<u>-</u>
Total	<u>\$1,099,617</u>	<u>\$1,099,617</u>

The purpose of these interfunds are short-term borrowings.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 6. Long-Term Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the Township are general obligations bonds backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects prior to the issuance of serial bonds. The terms 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.

As of December 31, 2012, the Township's Long-Term Debt is as follows:

General Obligation Bonds:

\$2,800,000 2003 Refunding Bonds due in annual installments of \$260,000 to \$280,000 through March 2013 at interests rates ranging from 2.875% to 3.30%.	\$ 260,000
\$1,145,000 2003 Pension Obligation Refunding Bonds due in annual installments of \$35,000 to \$165,000 through April 2021 at interests rates ranging from 4.70% to 5.90%.	65,000
\$9,800,000 2005 Bonds due in annual installments of \$580,000 to \$830,000 Through January 15, 2020 at interest rates ranging from 3.625% to 4.00%.	1,300,000
\$9,800,000 2007 Bonds due in annual installments of \$300,000 to \$500,000 Through November 1, 2027 at interest rates ranging from 4.00% to 4.250%.	7,300,000
\$21,800,000 2008 Bonds due in annual installments of \$960,000 to \$970,000 Through November 1, 2029 at interest rates ranging from 4.75% to 5.75%. Term Bonds due in 2031 in the amount of \$1,940,000 at an interest rate of 5.75%.	18,420,000
2009 Refunding Bond Issue due in annual installments of \$55,000 to \$480,000 through January 2017 at interest rates ranging from 2.0% to 5.0%.	2,430,000
2012 General Improvement Refunding Bond Issue due in annual installments of \$705,000 to 1,585,000 through January 2020 at interest rates ranging from 3.0% to 4.0%.	7,705,000

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 6. Long-Term Debt (continued):

2012 Pension Obligation Refunding Bond Issue due in annual installments of \$20,000 to 165,000 through January 2020 at interest rates ranging from 0.75% to 3.50%.

955,000

Total

\$38,435,000

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and five-year increments thereafter for Bonded Debt issued and outstanding:

Year	Principal	Interest	Total
2013	\$ 3,745,000	\$1,918,481	\$ 5,663,481
2014	3,515,000	1,757,461	5,272,461
2015	3,580,000	1,437,060	5,017,060
2016	3,650,000	1,283,010	4,933,010
2017	2,780,000	1,142,154	3,922,154
2018-2022	10,135,000	4,169,204	14,304,204
2023-2027	7,150,000	2,198,150	9,328,150
2028-2031	<u>3,880,000</u>	<u>557,265</u>	<u>4,437,265</u>
Total	<u>\$38,435,000</u>	<u>\$14,462,785</u>	<u>\$ 52,897,785</u>

On January 26, 1994 the Township entered into a low interest rate loan funded by the New Jersey Economic Development Authority in the sum of \$750,000. The interest rate is 1.50% and the loan matures on August 5, 2013. The proceeds have been used to help with the construction of the new Public Library.

Year	Principal	Interest	Total
2013	<u>37,500</u>	<u>563</u>	<u>38,063</u>
Total	<u>\$ 37,500</u>	<u>\$ 563</u>	<u>\$ 38,063</u>

Bond Anticipation Notes:

During the year ended December 31, 2012 the Township issued a bond anticipation note in the amount of \$7,360,000 with an interest rate of 1.50% and maturing on July 3, 2013 for the purpose of various capital improvements. The Township also issued a second bond anticipation note in the amount of \$1,620,000 with an interest rate of 0.84% and maturing on April 23, 2012 for the purpose of providing the Township with funds to refund certain tax appeals.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 7. Pension Plans

A. Plan Description

The Township of Lakewood contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of N.J.S.A.43:15A. The plan was set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

B. Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by N.J.S.A.43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 6C below:

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 7. Pension Plans (continued):

the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the PFRS and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service. Tier 3 was added to PFRS for enrollees after June 28, 2011. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. Contribution Requirements

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A.18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

The Township of Lakewood's contributions to P.E.R.S. for the years ending December 31, 2012, 2011 and 2010 were \$1,229,424, \$1,180,132 and \$484,682 respectively, equal to the required contributions for each year, and to P.F.R.S. for the years ending December 31, 2012, 2011 and 2010 were \$3,246,721, \$3,412,207 and \$1,358,663 respectively, equal to the required contributions for each year.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 8. Compensated Absences

Full-time Township employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward from year to year; however, upon retirement no lump sum supplemental compensation payment shall exceed \$15,000 unless the employee was hired before May of 1991. Any employee hired before May of 1991 shall be paid ½ the value of accumulated sick time. Unused vacation time may be accumulated and carried over to a succeeding year in an amount not exceeding one year's worth of vacation time. More time than that can be carried over with prior approval of the Municipal Manager through the Governing Body. Upon retirement, payment for vacation time cannot exceed more than two years worth of accumulated time. (If an employee earns 18 days of vacation time per year, the maximum payout upon retirement for vacation time is 36 days).

Part-time employees are entitled to no sick or vacation time.

The Township does not record accrued sick leave. In those years where the Township believes that retirement will occur, budgetary appropriations are made to fund estimated payments.

Note 9. 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:

Year	Township Contributions	Amount Reimbursed	Ending Balance
2012	\$18,306	\$52,757	\$235,244
2011	None	45,244	269,695
2010	None	53,454	314,939

Note 10. Risk Management

The Township of Lakewood is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The Township is a member of the Ocean County Municipal Joint Insurance Fund (JIF). This public entity risk pool is both an insured and self-administered group of 29 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance Program. There were no settlements in excess of insurance coverage in 2012, 2011 and 2010.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 11. Deferred Compensation Salary Account

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

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.

Note 12. Litigation

The Township is a defendant in several legal proceedings 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 13. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are shown on the balance sheets of the Current Fund and Trust Other Funds:

	Balance to Succeeding Budgets
Current Fund:	
Special Emergency Authorizations	\$1,172,800

Note 14. Post Employment Retirements Benefits

In addition to the pension benefits described in Note 7, the Township provides post employment benefits other than pension benefits to employees who retire from the Township and meet certain eligibility criteria in accordance with contractual agreements. These are known as post-employment benefits. Other post-employment benefits include post-employment health care benefits provided, regardless of the type of plan that provides them, and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits. Benefits are provided through the Central Jersey Health Insurance Fund, an agent multiple-employer health insurance fund.

TOWNSHIP OF LAKWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 14. Post Employment Retirements Benefits (continued):

Results of Valuation

♦ *Actuarial Accrued Liability*

The Actuarial Accrued Liability ("AAL") as of December 31, 2012 is \$ 139,782,629 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2012.

♦ *Annual Required Contribution*

The Annual Required Contribution ("ARC") is the measure of annual cost on an accrual basis. It is comprised of the "Normal Cost" which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability ("UAAL"). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

The ARC as of December 31, 2012 is \$12,334,379 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2012. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 3,752,908
(2) Actuarial Accrued Liability	\$139,782,629
(3) Assets	\$ 0
(4) UAAL = (2) - (3)	\$139,782,629
(5) 30 Year Amortization of UAAL at Discount Rate	\$ 8,581,471
(6) ARC = (1) + (5)	\$ 12,334,379

Basis of Valuation

This valuation has been conducted as of December 31, 2012 based upon census, plan design and claims information provided by The Fund. Census includes 134 participants currently receiving retiree benefits, and 307 active participants of whom 9 are eligible to retire as of the valuation date. The average age of the active population is 45 and the average age of the retiree population is 66.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2011 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2011 report from Aon Consultants.

TOWNSHIP OF LAKWOOD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 14. Post Employment Retirements Benefits (continued):

Key Actuarial Assumptions:

Mortality	RP 200 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility
Assumed Retirement Age	At first eligibility after completing 20 years of service for nonunion employees; bargained employees after completing years of service as follows: PBA and SOA – 19 years, EMS – 25 years, AFSCME – 20 years, IBT 97 and AIW IBT 469 – 25 years
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	4.50%
Medical Trend	8.5% in 2013, reducing by 0.5% per annum, leveling at 5% per annum in 2020
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2012 medical, dental and prescription drug premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (45) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs. 2013 total contributions for retiree benefits as reported by the Fund are \$2.96 million.

Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation, we have assumed that future retiree contribution percentages will be equal to the minimum percentage of premium so as not to understate actuarial measurements. Assumed percentages as follows: retiree only 4.5%, retiree and spouse 3.5%, family 3.0%. Based on retiree data, 55% of future retirees are assumed to be married and 45% are assumed to be single.

Actuarial valuation method – Projected Unit Credit Funding Method.

Note 15. Property Acquired for Taxes

The Township has revalued the municipally owned properties that comprise the receivable balance on the current fund comparative statement of assets, liabilities, reserves and fund balance. The balance has been revalued from \$5,930,092 to \$54,789,200. The revaluation brings the property values to reflect the assessed values in the Township tax duplicate.

SUPPLEMENTARY EXHIBITS

CURRENT FUND

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 36,335,434
Increased by Receipts:		
Tax Collector	\$ 146,493,997	
Nonbudget Revenue	1,541,202	
State of New Jersey (Ch. 20, P.L. 1971)	703,357	
Demolition Charges Receivable	4,370	
Emergency Notes	1,172,800	
Revenue Accounts Receivable	9,717,828	
Interfunds	4,502,004	
Various Reserves	15,609	
Due to State of New Jersey	124,816	
Section 8 Existing Housing	15,049,288	179,325,271
Subtotal		215,660,705
Decreased by Disbursements:		
2012 Budget Appropriations	55,694,486	
Interfunds	5,555,616	
Repayment of Emergency Notes	1,536,000	
2011 Appropriation Reserves	1,910,671	
Accounts Payable	100,323	
Tax Anticipation Note	15,000,000	
County Taxes Payable	27,056,214	
Local School District Tax	71,675,566	
Fire District Tax	2,053,209	
Various Reserves	88,429	
Tax Overpayments	1,484,748	
Due to State of New Jersey	141,519	
Section & Existing Housing	15,047,732	197,344,513
Balance December 31, 2012		<u>\$ 18,316,192</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEARS ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	-
Increased by Receipts:			
Taxes Receivable	\$ 144,247,694		
Tax Title Liens	28,087		
Revenue Accounts Receivable	552,956		
Prepaid Taxes	789,335		
Interest & Costs on Taxes	875,925		146,493,997
			<hr/>
Subtotal			146,493,997
Decreased by Disbursements:			
Turnover to Treasurer			146,493,997
			<hr/>
Balance December 31, 2012		\$	-
			<hr/>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2012**

YEAR	BALANCE DECEMBER 31,		COLLECTED		TRANSFERRED TO TAX		OVERPAYMENTS APPLIED	OVERPAYMENTS CREATED	CHAPTER 20, P.L. 1971		BALANCE DECEMBER 31, 2012
	2011	2012 LEVY	2011	2012	TITLE LIENS				SENIOR CITIZENS & VETERANS	CANCELLED, REMITTED OR ABATED	
2007	\$ 11,716			\$ 506	\$ (2,394)		\$ 39,411			\$ 41,805	\$ 11,210
2008	1,200			5,631	(2,522)		30,410			25,939	2,562
2009	9,816			48,114	(2,674)		111,232			72,779	2,829
2010	16,158			16,325	(2)		249,936			249,467	304
2011	3,637,519			4,144,764	30,031	\$ 153,733	1,121,958	\$ (34,289)		442,606	22,632
Total	3,676,409			4,215,340	22,439	153,733	1,552,947	(34,289)		832,596	39,537
2012		\$ 146,479,145	\$ 957,671	140,032,354	181,343	191,806	770,006	740,953		1,736,362	3,408,662
Balance	\$ 3,676,409	\$ 146,479,145	\$ 957,671	\$ 144,247,694	\$ 203,782	\$ 345,539	\$ 2,322,953	\$ 706,664	\$ 2,568,958	\$ 3,448,199	

ANALYSIS OF 2012 PROPERTY TAX LEVY

Tax Yield:

General Purpose Tax	\$ 142,793,147
Fire District Tax	2,053,209
Added & Omitted Tax	<u>1,632,789</u>
Total	<u>\$ 146,479,145</u>

Tax Levy:

Local District School Tax	\$ 72,246,057
County Taxes:	
County Taxes	\$ 22,399,144
County Library Tax	2,538,878
County Health Tax	917,821
County Open Space Tax	896,660
Due County for Added & Omitted Taxes	276,005
Total County Taxes	27,028,508
Fire District Taxes	2,053,209
Local Tax for Municipal Purposes	43,794,587
Add: Additional Tax Levied	<u>1,356,784</u>
Total	<u>\$ 146,479,145</u>

EXHIBIT A-7

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEARS ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	1,020,090
Increased by:			
Interest & Costs	\$	36,129	
Transfer from Taxes Receivable		203,782	239,911
			<hr/>
Subtotal			1,260,001
Decreased by:			
Cash Collections			28,087
			<hr/>
Balance December 31, 2012		\$	<u>1,231,914</u>

EXHIBIT A-8

SCHEDULE OF CASH - CHANGE FUND

Balance December 31, 2011	\$	950
Increased by:		
Additional Change Fund per Resolution		65
		<hr/>
Balance December 31, 2012	\$	<u>1,015</u>

EXHIBIT A-9

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 5,930,092
Increased by:	
Revaluation of Properties by Tax Assessor	<u>48,859,108</u>
Balance December 31, 2012	<u><u>\$ 54,789,200</u></u>

EXHIBIT A-10

**SCHEDULE OF DUE FROM STATE - P.L. 1971, C. 20
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 103,681
Increased by:	
Deductions per Tax Duplicate:	
Senior Citizens	\$ 182,250
Veterans	555,000
Deductions Allowed by Collector	<u>9,500</u> 746,750
Subtotal	850,431
Decreased by:	
Received from State of New Jersey	713,852
Deductions Disallowed	<u>40,086</u> 753,938
Balance December 31, 2012	<u><u>\$ 96,493</u></u>

EXHIBIT A-11

SCHEDULE OF DEMOLITION CHARGES RECEIVABLE

Balance December 31, 2011	\$ 26,224
Decreased by:	
Collections	<u>4,370</u>
Balance December 31, 2012	<u><u>\$ 21,854</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31 2011	ACCRUED IN 2012	COLLECTION TREASURER COLLECTOR		BALANCE DECEMBER 31, 2012
Clerk:					
Alcoholic Beverages Licenses	\$ 2,750	\$ 81,550	\$ 81,550		\$ 2,750
Other Licenses	5,157	143,192	143,192		5,157
Division of Inspections:					
Construction Code Official	149,036	1,451,228	1,444,311		155,953
Other Fees & Permits	24,585	449,390	454,240		19,735
Department of Police:					
Police Identification Fees		27,156	27,156		
Municipal Court:					
Fines & Costs	66,063	723,597	746,159		43,501
Recycling Revenue from County		181,425	181,425		
Emergency Medical Services		900,124	900,124		
Police Off-Duty Employment Funds		97,184	97,184		
Cell Tower Lease		77,444	77,444		
Municipal Hotel & Occupancy Tax		122,499	122,499		
Tax Abatement Program Revenue		354,036		\$ 354,036	
General Capital Fund Balance		137,000	137,000		
Tax Collector:					
Payment in Lieu of Taxes:					
Sons of Israel		95,000		95,000	
Lakewood Plaza II		103,920		103,920	
Interest & Costs on Taxes		875,925		875,925	
State of New Jersey:					
Consolidated Municipal Property					
Tax Relief Aid		601,414	601,414		
Energy Receipts Tax		4,556,193	4,556,193		
Cable TV Franchise Fees		147,937	147,937		
Total	\$ 247,591	\$ 11,126,214	\$ 9,717,828	\$ 1,428,881	\$ 227,096

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
N.J.S. 40A: 4-55 SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2012

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2011	BUDGET AUTHORIZED APPROPRIATION	BALANCE DECEMBER 31, 2012
6/18/09	Revaluation of Real Property	\$ 560,000	\$ 112,000	\$ 420,000	\$ 140,000	\$ 280,000
5/26/11	Retirement of Employees	1,116,000	223,200	1,116,000	223,200	892,800
			Total	\$ 1,536,000	\$ 363,200	\$ 1,172,800

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>BALANCE DECEMBER 31, 2011</u>		BALANCE	PAID OR	BALANCE
	<u>RESERVED</u>	<u>ENCUMBERED</u>	AFTER TRANSFERS	CHARGES	LAPSED
Administrative & Executive:					
Office of the Manager:					
Salaries & Wages	\$ 20,671		\$ 20,671	\$ 3,702	\$ 16,969
Other Expenses	595	\$ 1,724	2,319	1,354	965
Governing Body:					
Other Expenses	12,772	8,916	21,688	4,664	17,024
Municipal Clerk:					
Salaries & Wages	2,231		2,231	1,224	1,007
Other Expenses	8,050	4,845	12,895	5,322	7,573
Purchasing Department:					
Salaries & Wages	3,941		3,941	1,272	2,669
Other Expenses	33,435	19,003	52,438	22,989	29,449
Financial Administration:					
Salaries & Wages	11,701		11,701	3,336	8,365
Other Expenses	7,694	58	7,752	7,752	
Audit Services:					
Other Expenses	44,000	6,000	50,000	50,000	
Computer Center:					
Salaries & Wages	1,400		1,400	1,400	
Other Expenses	15,629	3,250	18,879	7,690	11,189
Collection of Taxes:					
Other Expenses	6,963	2,577	9,540	6,384	3,156
Assessment of Taxes:					
Salaries & Wages	10,669		10,669	1,640	9,029
Other Expenses	70,037	30,558	100,595	37,765	62,830
Legal Services & Costs:					
Other Expenses	41,936	1,446	89,382	73,641	15,741
Engineering Services & Costs:					
Other Expenses	3,865	59,520	103,385	90,401	12,984
Veterans Advisory Committee:					
Other Expenses	2,856		2,856	2,847	9
Planning Board:					
Other Expenses	1,378	3,064	4,442	4,336	106
Zoning Board:					
Other Expenses	21,136	2,950	24,086	2,950	21,136
Police:					
Salaries and Wages	429,951		419,951	100,877	319,074
Other Expenses	270	168,874	179,144	171,174	7,970

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>BALANCE DECEMBER 31, 2012</u>		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGES	LAPSED
Emergency Management Services:					
Other Expenses	2,697	4,494	7,191	6,904	287
Emergency Medical Technicians:					
Other Expenses	365	4,277	4,642	4,277	365
Road Repairs & Maintenance:					
Other Expenses	51,738	33,111	84,849	71,423	13,426
Street Cleaning:					
Other Expenses	1,993	2,319	4,312	2,319	1,993
Storm Sewer Pipe Emergency	37,125		37,125	37,125	
Department of Public Works:					
Salaries and Wages	12,026		12,026	1,946	10,080
Other Expenses	5,108	19,534	24,642	20,144	4,498
Shade Tree Commission:					
Other Expenses	5,812	1,157	6,969	1,277	5,692
Cross Street Landfill Maintenance:					
Other Expenses	5,619	540	6,159	1,080	5,079
Garbage & Trash Removal:					
Other Expenses	6,465	21,235	27,700	24,255	3,445
Recycling:					
Other Expenses	7,664	7,536	15,200	8,384	6,816
Public Buildings & Grounds:					
Other Expenses	5,450	10,610	16,060	15,900	160
Apartment Trash Reimbursements:					
Other Expenses	192,589	2,508	195,097	112,065	83,032
Municipal Garage:					
Other Expenses	11,876	3,060	14,936	12,842	2,094
Community Services Act:					
Other Expenses	489,925	7,784	497,709	349,354	148,355
Municipal Court:					
Salaries and Wages	12,972		12,972	2,913	10,059
Other Expenses	11,076	658	11,734	4,050	7,684
Board of Health:					
Salaries and Wages	2,504	125	2,629	932	1,697
Other Expenses	728	313	1,041	312	729
Environmental Commission:					
Other Expenses	1,368		1,368	90	1,278

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>BALANCE DECEMBER 31, 2011</u>		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGES	LAPSED
Animal Control:					
Other Expenses	11,999	8,968	20,967	15,974	4,993
Senior & Social Services:					
Other Expenses	20,000		20,000	20,000	
Recreation:					
Salaries and Wages	11,286	109	11,395	109	11,286
Other Expenses	8,689	1,225	9,914	1,164	8,750
Community Center:					
Salaries and Wages	69	270	339	270	69
Other Expenses	4,776	3,378	8,154	3,674	4,480
Parks & Playgrounds:					
Other Expenses	7,466	10,434	17,900	16,675	1,225
Accumulated Leave Compensation	52,495		52,495	42,383	10,112
Transfer to Lakewood Airport	61,428	172	61,600	(5,728)	67,328
State Uniform Construction Code Officials:					
Salaries and Wages	26,451		26,451	2,281	24,170
Other Expenses	39,967	10,067	50,034	33,460	16,574
Electricity	23,702	31,910	55,612	51,062	4,550
Street Lighting	61,962	85,165	157,127	101,173	55,954
Telephone	9,263	7,038	16,301	14,510	1,791
Water	1,154	1,357	8,511	1,357	7,154
Natural Gas	17,561		17,561	10,221	7,340
Gasoline	2,293	9,559	90,052	62,512	27,540
Stadium Utilities	4,283		4,283	2,916	1,367
Landfill Disposal Costs	85,491	122,000	207,491	122,000	85,491
Contingent	7,500		7,500	6,930	570
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.)	292,700		260,700	242,135	18,565
All Other Accounts Without Activi	621,588		473,388		473,388
Total General Appropriations	\$ 2,988,403	\$ 723,698	\$ 3,712,101	\$ 2,025,390	\$ 1,686,711

Cash Disbursements	\$ 1,910,671
Reimbursement	(16,815)
Accounts Payable	131,534
Total	\$ 2,025,390

EXHIBIT A-15

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 124,352
Increased by:	
Appropriation Reserves	<u>131,534</u>
Subtotal	255,886
Decreased by:	
Cash Disbursed	<u>100,323</u>
Balance December 31, 2012	<u><u>\$ 155,563</u></u>

EXHIBIT A-16

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 959,496
Increased by:	
Collections, 2012 Taxes	<u>789,335</u>
Subtotal	1,748,831
Decreased by:	
Applied to Taxes Receivable	<u>959,496</u>
Balance December 31, 2012	<u><u>\$ 789,335</u></u>

EXHIBIT A-17

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 3,956,375
Increased by:	
Created	<u>2,322,953</u>
Subtotal	6,279,328
Decreased by:	
Disbursements	\$ 1,484,748
Applied	<u>345,539</u>
	<u>1,830,287</u>
Balance December 31, 2012	<u><u>\$ 4,449,041</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	303,711
Increased by:			
County Tax	\$	22,399,144	
County Library Tax		2,538,878	
County Health Tax		917,821	
County Open Space Preservation		896,660	
Due County for Added & Omitted Taxes		<u>276,005</u>	<u>27,028,508</u>
Subtotal			27,332,219
Decreased by:			
Payments			<u>27,056,214</u>
Balance December 31, 2012		\$	<u>276,005</u>

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	128,615
Increased by:		
Levy - Calendar Year 2012		<u>72,246,057</u>
Subtotal		72,374,672
Decreased by:		
Payments		<u>71,675,566</u>
Balance December 31, 2012	\$	<u>699,106</u>

**SCHEDULE OF FIRE DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	-
Increased by:		
Levy - Calendar Year		<u>2,053,209</u>
Subtotal		2,053,209
Decreased by:		
Payments		<u>2,053,209</u>
Balance December 31, 2012	\$	<u>-</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	CASH RECEIPT	DECREASED	BALANCE DECEMBER 31, 2012
Reserve For:				
Industrial Commission	\$ 225,044	\$ 5,498	\$ 88,429	\$ 142,113
Retirement Payout	-	10,111		10,111
Total	<u>\$ 225,044</u>	<u>\$ 15,609</u>	<u>\$ 88,429</u>	<u>\$ 152,224</u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2012**

	TOTAL	CONSTRUCTION TRAINING FEES	MARRIAGE/ DOMESTIC PARTNERSHIP FEES	BURIAL FEES
Balance December 31, 2011	\$ 35,518	\$ 31,478	\$ 4,025	\$ 15
Increased by:				
Cash Receipts	<u>124,816</u>	<u>107,366</u>	<u>17,400</u>	<u>50</u>
Subtotal	<u>160,334</u>	<u>138,844</u>	<u>21,425</u>	<u>65</u>
Decreased by:				
Cash Disbursed	<u>141,519</u>	<u>124,709</u>	<u>16,750</u>	<u>60</u>
Balance December 31, 2012	<u>\$ 18,815</u>	<u>\$ 14,135</u>	<u>\$ 4,675</u>	<u>\$ 5</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF RESERVE FOR STATE BOARD OF TAXATION APPEALS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 313,698
Decreased by :	
Cancellation of Reserve for Tax Appeals	<u>313,698</u>
Balance December 31, 2012	<u><u>\$ -</u></u>

**SCHEDULE OF DEPOSITS ON SALE OF PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance, December 31, 2011	\$ 148,252
Increased by:	
Cash Receipts	<u> </u>
Subtotal	148,252
Decreased by:	
Applied to Sales of Property	<u>18,500</u>
Balance December 31, 2012	<u><u>\$ 129,752</u></u>

**SCHEDULE OF DUE TO LAKEWOOD HOUSING
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ -
Increased by:	
Cash Receipts	<u>15,049,288</u>
Subtotal	15,049,288
Decreased by:	
Cash Disbursed	<u>15,047,732</u>
Balance, December 31, 2012	<u><u>\$ 1,556</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF INTERFUNDS - OTHER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	TOTAL	FEDERAL & STATE GRANT FUND	GENERAL TRUST	ANIMAL CONTROL TRUST
Balance, December 31, 2011:				
Inter fund Receivable	\$ -	\$ -	\$ -	\$ -
(Interfund Payable)	(1,509,129)	(500,407)	(988,710)	(20,012)
Increased by:				
Reserves Canceled	524,476	524,476		
Disbursements	5,509,953	5,224,074	276,567	9,312
Total Increased by	6,034,429	5,748,550	276,567	9,312
Subtotal	4,525,300	5,248,143	(712,143)	(10,700)
Decreased by:				
Matching Funds for Grants	595,735	595,735		
Grants Receivable Canceled	419,630	419,630		
Collections - Treasurer:				
Settlements	13,177			13,177
Grants Receivable	3,858,966	3,858,966		
Unappropriated Funds	429,148	429,148		
Subtotal	5,316,656	5,303,479		13,177
Various Reserves	200,713		200,713	
Total Decreased by	5,517,369	5,303,479	200,713	13,177
Balance, December 31, 2012:				
Interfund Receivable	-	-	-	-
(Interfund Payable)	\$ (992,069)	\$ (55,336)	\$ (912,856)	\$ (23,877)

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2011	INCREASED	DECREASED	BALANCE DECEMBER 31, 2012
Reserve for Reassessment	9/25/11	9/24/12	1.850%	\$ 420,000	\$ 280,000	\$ 420,000	\$ 280,000
Retirement of Employees	5/26/11	5/26/12	1.850%	1,116,000	892,800	1,116,000	892,800
		Total		<u>\$ 1,536,000</u>	<u>\$ 1,172,800</u>	<u>\$ 1,536,000</u>	<u>\$ 1,172,800</u>

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	(500,407)
---------------------------	----	-----------

Increased by:

Disbursed by Current Fund:

Appropriated Reserves	\$ 5,224,074	
Cancellation of Grant Appropriated Reserve	524,476	5,748,550

Subtotal		5,248,143
----------	--	-----------

Decreased by:

Deposited in Current Fund:

Unappropriated Reserves	429,148	
Grants Receivable	3,858,966	
Cancellation of Grant Receivables	419,630	
Matching Share of Grants	595,735	5,303,479

Balance December 31, 2012	\$	<u>(55,336)</u>
---------------------------	----	-----------------

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANT	BALANCE	2012	UNAPPROPRIATED		BALANCE
	DECEMBER 31, 2011	ANTICIPATED REVENUE	CASH RECEIVED	RESERVES REALIZED AS REVENUE	DECEMBER 31, 2012
Alcohol Education & Rehabilitation Fund	\$ -	\$ 3,992		\$ 3,992	\$ -
Body Armor Replacement Fund		10,214		10,214	
Bulletproof Vest Partnership Program	\$4,482				4,482
Clean Communities		88,208	\$ 88,208		
Community Development Block Grant - Title I Assistance	5,381		5,381		
Community Development Block Grant- 2010	435,181		435,181		
Community Development Block Grant- 2011	709,141		401,069		308,072
Community Development Block Grant- 2012		873,048			873,048
Community Forestry Management Plan	2,000				
State Homeland Security Program	4,580				4,580
Drunk Driving Enforcement Fund					
Economic Development Initiative Funds	142,500		142,500		
Edward Byrne Memorial Justice Assistance Grant	262,637				262,637
Edward Byrne Memorial Justice Assistance Grant - 2012		92,535			92,535
Emergency Assistance Grant		5,000		5,000	
Energy Efficiency Grant	316,414		269,039		47,375
Gypsy Moth Grant					
Helipad	9,424		5,853		3,571
Municipal Alliance On Alcoholism & Drug Abuse	36,139		35,898		241
Municipal Alliance On Alcoholism & Drug Abuse - 2012		48,000			48,000
New Jersey Department of Transportation:					
Cedarbridge Corporate Campus	849,796				849,796
Fourth Street	25,176				25,176
Highway Safety Fund		64,361			64,361
Kettle Creek & Vine Street Access Project	23				23
Kettle Creek & Vine Street Access Project - Phase II	37,551				37,551
Municipal Aid Program 2009	173,250				173,250
Raintree - Phase III	71,620				71,620
Municipal Aid Program	282,149		124,885		157,264
Municipal Aid Program 2012		351,200	301,021		50,179
Ocean County Delinquency Awareness & Prevention Grant	10,000				10,000
Page Totals	3,377,444	1,536,558	1,809,035	19,206	3,083,761

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANT	BALANCE DECEMBER 31, 2011	2012 ANTICIPATED REVENUE	CASH RECEIVED	UNAPPROPRIATED RESERVES REALIZED AS REVENUE	CANCELLED	BALANCE DECEMBER 31, 2012
Runway End Identifier Lights	125,400		17,168			108,232
Recycling Tonnage Grant		79,630		79,630		
Safe & Secure Communities Program	48,583		48,582			1
Safe & Secure Communities Program - 2012		60,000				60,000
Self Coating/Winsock	269,211					269,211
Self Service Fuel Tank	47,500					47,500
State of NJ - Sports & Entertainment - H2 - S2 - Grant			25,624			24,376
State of NJ - State Aid - CARS-E Grant	69,500					69,500
Urban Enterprise Zone:						
Acquisition of 228 Main Street	362,050		264,614			97,436
Administrative Budget - 2008/2009	191,805				191,805	
Administrative Budget - 2009/2010	36,321				36,321	
Administration Grant 2011/2012	452,927	180,000	461,911			171,016
Bond Payment - Lakewood Baseball Stadium	2,348				2,348	
Business Attraction Initiative	94,513		92,252			2,261
Business Attraction Initiative - 2012		100,000	22,513			77,487
Co-op Advertising Program- Pilot Project	221,081		45,025			176,056
Downtown Parking Development Phase II						
Property Acquisition	231,808					231,808
Downtown Parking Phase II	249,337	37,123	260,484			25,976
Downtown Parking Phase IV		200,000				200,000
Downtown Redevelopment Plan	26,000		18,875		7,125	
Emergent Stadium Repair	110,604					110,604
Financial Assistance Program I	820,427	135,000				955,427
Financial Assistance II	66,918					66,918
Food Bank Funds		16,000	16,000			
Franklin Street Redevelopment Area						
Appraisals & Evaluations	82,799		1,120			81,679
First Aid & Emergency Squad Vehicle Grant	20,000		20,000			
Franklin Street Redevelopment Area Acquisition	9,014					9,014
FY 11 966 Reimbursement Plan	11					11
Hatzolah Emergency Vehicle		20,000	20,000			
Infrastructure Improvements Lakewood						
Industrial Park		300,000	190,881			109,119
Lakewood Stimulus Grant- Pilot Project	135,000				135,000	
Lakewood Transit Connect	24,155		16,143		8,012	
Lakewood Transit Connect - 2012		100,000	79,111			20,889
Marketing & Public Relations - VI	208,164		76,714			131,450
Monmouth Avenue Revitalization	318,384		24,486			293,898
Municipal Services- 2011	12,240					12,240
Municipal Services- 2012		690,000	445,451			244,549
Redevelopment Database- Pilot Project	10,138					10,138
Small Business Development	140,000		35,380			104,620
Strand Theater Year IV Capital Improvements	118,174				37,019	81,155
Strand Theater Capital Improvements &						
Renovations - Phase III	514,784		46,428			468,356
Supplemental Parking	395,744		35,823			359,921
US DOT Lakewood Airport		555,427	76,616			478,811
Wetlands Mitigation- State	681					681
Federal Awards:						
Environmental Study Phase III	672					672
Fence Environmental	69,475		9,751			59,724
Perimeter Fence Phase II	296,057					296,057
Wetlands Mitigation	15,983					15,983
Grand Total All Pages	\$ 9,225,252	\$ 4,009,738	\$ 4,159,987	\$ 98,836	\$ 419,630	\$ 8,556,537

TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012

GRANT	BALANCE DECEMBER 31, 2011		TRANSFERS	FROM 2012 BUDGET APPROPRIATIONS	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2012	
	ENCUMBERED	RESERVED					ENCUMBERED	RESERVED
Alcohol Education & Rehabilitation	\$ -	\$ 8,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,041
Alcohol Education & Rehabilitation - 2000		1,000						1,000
Alcohol Education & Rehabilitation - 2009		2,784						2,784
Alcohol Education & Rehabilitation - 2011		3,317						3,317
Alcohol Education & Rehabilitation - 2012				3,992				3,992
Body Armor Replacement Grant		1,110						1,110
Body Armor Replacement Grant - 2009	\$10,567				10,567			
Body Armor Replacement Grant - 2011	9,374	4,893			10,002		4,265	
Body Armor Replacement Grant - 2012				10,213			9,788	425
Bulletproof Vest Partnership Grant	15,939				15,939			
Bulletproof Vest Partnership Grant - 2009		7,613						7,613
Calvary Lighthouse - Purchase of Police Equipment		500						500
Census Grant		50,000	(50,000)					
Clean Communities Program	4,445	104,090	7,001	88,208	77,469		4,200	122,075
Community Development Block Grant - 2002/2003		47,280	(47,280)					
Community Development Block Grant - 2004		17,634	(17,634)					
Community Development Block Grant - 2005		37,024	(37,024)					
Community Development Block Grant - 2006		2,688	(2,688)					
Community Development Block Grant - 2007		13,284	(13,284)					
Community Development Block Grant - 2008	51	24,473	(24,473)				51	
Community Development Block Grant - 2009		137,988	6,137		1,084			143,041
Community Development Block Grant- 2010	10,000	90,605	143,539		25,267		10,000	208,877
Community Development Block Grant- 2011	3,200	656,347	1,118		584,644		12,325	63,696
Community Development Block Grant- 2012				873,048	66,183		12,400	794,465
Community Development Block Grant - Title I Assistance		40,511	(4,663)					35,848
Community Forestry Management Plan		2,000				2,000		
COPS More Grant - 2000 - Local		7,555				7,555		
COPS More Grant - 2000 - Federal		1,339				1,339		
COPS Problem Solving Grant		26,601				26,601		
DEPE - Tree Planting Grant		5,190				5,190		
Domestic Violence Training Grant		1,250						1,250
Driving While Intoxicated		44,305	(225)		2,732			41,348
Drunk Driving Enforcement Fund - 2008		24,121	225					24,346
Drunk Driving Enforcement Fund - 2009		13,752						13,752
Drunk Driving Enforcement Fund - 2011		12,491			2,763			9,728
Page Totals	53,576	1,389,786	(39,251)	975,461	796,650	42,685	53,029	1,487,208

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANT	BALANCE DECEMBER 31, 2011		TRANSFERS	FROM 2012 BUDGET APPROPRIATIONS	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2012	
	ENCUMBERED	RESERVED					ENCUMBERED	RESERVED
Economic Development Initiative Fund	24,250	-			24,250			-
Edward Byrne Memorial Justice Assistance Grant	43,165	45,705		92,535	71,188		20,392	89,825
Emergency Assistance Grant	-	7,538	(4,283)				-	3,255
Energy Efficiency Grant	34,500	440,548	3,658		413,478		34,500	30,728
Environmental Study Phase III- Federal	-	41,093	(38,054)				-	3,039
Environmental Study Phase III- State	-	2,163	(1,704)				-	459
Fence Environmental- Federal	-	23,377	66,171		13,537			76,011
Fence Environmental- State			156		156			-
Fence Environmental- Local		4,217	682		557			4,342
Food Bank Board of Freeholders				16,000	16,000			-
Franklin Street Redevelopment Area Acquisition		9,014			143			8,871
Gypsy Moth Grant		23,829						23,829
Helipad- State		9,455			9,435			20
Helipad- Local		498			497			1
Lakewood Stimulus Grant- Pilot Project		135,000				135,000		-
Lakewood Transit Connect	19,905	4,250			16,143	8,012		-
Lakewood Transit Connect II				100,000	79,111		19,797	1,092
Local Law Enforcement Block Grant	-	5,481				5,481	-	-
Local Law Enforcement Block Grant - 2000 - Local	-	1,236				1,236	-	-
Local Law Enforcement Block Grant - 2000 - Federal		45,497				45,497	-	-
Local Law Enforcement Block Grant - 2001 - Local		573				573	-	-
Local Law Enforcement Block Grant - 2001 - Federal	-	2,007				2,007	-	-
Local Law Enforcement Block Grant - 2002	-	2,628				2,628	-	-
Local Law Enforcement Block Grant - 2003		2,762				2,762	-	-
Municipal Alliance on Alcoholism & Drug Abuse 2008		1,353				1,353	-	-
Municipal Alliance on Alcoholism & Drug Abuse 2009		2,781				2,781	-	-
Municipal Alliance on Alcoholism & Drug Abuse 2010- Lc	-	12,573	(12,567)				-	6
Municipal Alliance on Alcoholism & Drug Abuse 2011- St	4,502	5,738	15,000		25,240			-
Municipal Alliance on Alcoholism & Drug Abuse 2011- Local		2,433	(2,433)					-
Municipal Alliance on Alcoholism & Drug Abuse 2012				60,000	47,381		3,626	8,993
Municipal Stormwater Regulation Program		14,016						14,016
N.J. Transportation Trust Fund - 2001	-	27,636					-	27,636
NJ Emergency Assistance Grant	-			5,000			-	5,000
State of New Jersey Department of Transportation		40,041						40,041
State of NJ - Sports & Entertainment - H2 - S2 - Grant - Sta	22,832	27,168			22,832			27,168
State of NJ - Sports & Entertainment - H2 - S2 - Grant - Local		16,668						16,668
State of NJ - OSHP - CARS Grant Program		34,195			1,003			33,192
New Jersey Department of Transportation:		-						-
2010 Road Program		173,249						173,249
2012 Road Program	45,800	229,649			20,531		25,269	229,649
Discretionary Aid - Raintree - Phase III	26,490	-					26,490	-
Fourth Street		12,453						12,453
Kettle Creek & Vine Street Access Project - Phase II	70,752	-					70,752	-
Municipal Aide Program				351,200	33,195		41,105	276,900
Highway Safety Fund				64,361	11,090		40,041	13,230
NJ Forest Services- 2009 Business Stimulus Fund (BSF) Gr	-	7,000	(7,000)				-	-
NJ State Police - Emergency Management Grant	-	5,000					-	5,000
New Jersey Transportation Trust Fund		-						-
Authority Act - Cedarbridge Corporate Campus	37,862	735,505	601		715,016		52,219	6,733
Ocean County Cultural & Heritage		-						-
Commission		13,000						13,000
Ocean County Delinquency Awareness & Prevention Grant	-	10,000					-	10,000
Ocean County Tourism Grant - 2008	-	1,600				1,600	-	-
Ocean County Tourism Grant - 2009	-	800					-	800
Perimeter Fence Phase II- Federal		296,057			1,623			294,434
Page Totals	330,058	2,475,786	20,227	689,096	1,522,406	208,930	334,191	1,449,640

TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012

GRANT	BALANCE DECEMBER 31, 2011		TRANSFERS	TRANFERS FROM 2012 BUDGET APPROPRIATIONS	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2012	
	ENCUMBERED	RESERVED					ENCUMBERED	RESERVED
Perimeter Fence Phase II- State		7,807			43			7,764
Perimeter Fence Phase II- Local		7,807			44			7,763
Recycling Mini-Grant - Ocean County	-	4,132					-	4,132
Recycling Mini-Grant - Ocean County - 2007	-	645					-	645
Recycling Mini-Grant - Ocean County - 2009	-	249					-	249
Recycling Tonnage Grant	2,071	161,954	(4,348)	79,630	91,478		129	147,700
Runway End Identifier Lights- State	8,705	116,695			25,873		73,172	26,355
Runway End Identifier Lights- Local	458	6,142			1,362		3,851	1,387
Safe & Secure Communities Programs	-	25,475				25,475	-	-
Safe & Secure Communities Programs - State	-			60,000	59,667		-	333
Safe & Secure Communities Programs - Local	-			173,971	157,216		-	16,755
Self Service Fuel Tank- State		47,500						47,500
Self Service Fuel Tank- Local		2,500						2,500
Seal Coating/Winsock- State	5,682	250,561			5,775			250,468
Seal Coating/Winsock- Local	299	13,187			304			13,182
Small Business Development		155,000	(15,000)		35,380			104,620
State Homeland Security		1,202						1,202
State of NJ - Smart Future Planning - Downtown		-						-
Parking & Traffic Circulation Plan		100						100
Supplemental Parking	-	832,000	(832,000)				-	-
Urban Enterprise Zone:		-						-
Acquisition of 228 Main Street	-	362,050			264,615		490	96,945
Administrative Budget 2008/2009			165,503			165,503		-
Administrative Budget 2009/2010	795	39,238	(4,133)			35,105	795	-
Administrative Budget 2011/2012	1,127	379,385	76,802	60,000	461,833		136	55,345
Administrative Budget 2013				120,000	58,053		33	61,914
Block 93 Downtown Development		7,125				7,125		-
Baseball Stadium - Year 11		2,348				2,348		-
Page Totals	19,137	2,423,102	(613,176)	493,601	1,161,643	235,556	78,606	846,859

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANT	BALANCE DECEMBER 31, 2011		TRANSFERS	TRANFERS FROM 2012 BUDGET APPROPRIATIONS	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2012	
	ENCUMBERED	RESERVED					ENCUMBERED	RESERVED
Business Attraction Initiative	91,700	2,784			92,222		66	2,196
Business Attraction Initiative II				100,000	22,513		69,187	8,300
Co-op Advertising Program- Pilot Project	10,380	210,701			45,025		56,892	119,164
Downtown Parking Development Phase II Property Acquisition	81,232	-	169,453		242,236		3,805	4,644
Downtown Parking Phase II	24,211	4,168	79,105	37,123	57,843		(2,816)	89,580
Downtown Parking Phase IV				200,000				200,000
Downtown Redevelopment Plan	98	-	537,499		15,103		30,421	492,073
Emergent Stadium Repair	1,392	103,211	6,000				1,392	109,211
Financial Assistance Program	-	889,345	(2,000)	135,000			-	1,022,345
First Aid & Emergency Squad Vehicle Grant		20,000			20,000			-
Franklin Street Redevelopment Area		-						-
Appraisals & Evaluations	1,350	81,448			977		1,350	80,471
Hatzola Emergency Vehicle	-			20,000	20,000		-	-
Infrastructure Improvements- Industrial Park	-			665,318	190,882		148,930	325,506
Job Link Bus	-	25,041	(25,041)				-	-
Marketing & Public Relations - 2008	57,083	146,990	15,000		76,714		53,060	89,299
Monmouth Avenue Revitalization	40,654	277,729			24,486		16,168	277,729
Municipal Services- 2011 State		91,696	50,000					141,696
Municipal Services- 2011 Local		103,520						103,520
Municipal Services- 2012 State				690,000	648,253			41,747
Municipal Services- 2012 Local				230,640	132,673			97,967
Redevelopment Database- Pilot Project	7,692	2,446					7,692	2,446
Strand Theater - Capital Improvements (Year	7,039	588,916	(19)		46,427		6,782	542,727
Strand Theater - Capital Improvements (Year	-	37,303				37,303	-	-
USDOT FAA Lakewood Airport- Federal				190,110	102,617			87,493
USDOT FAA Lakewood Airport- State				8,574	5,404			3,170
Wetlands Mitigation- Federal		25,887	(25,887)					-
Wetlands Mitigation- State		681	(681)					-
Wetlands Mitigation- Local		681	(681)					-
Total	\$ 725,602	\$ 8,901,221	\$ 170,548	\$ 4,434,923	\$ 5,224,074	\$ 524,474	\$ 858,755	\$ 7,624,991

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANT	BALANCE	TRANSFERRED			BALANCE
	DECEMBER 31 2011	FUNDING RECEIVED	TO ANTICIPATED REVNEUE	CANCELLED	DECEMBER 31, 2012
Alcohol Education & Rehabilitation					
Grant	\$ 3,992	\$ 2,212	\$ 3,992	\$ -	\$ 2,212
Body Armor Replacement Fund	10,214	10,833	10,214		10,833
Drunk Driving Enforcement Fund					
Emergency Assistant Grant	5,000	10,000	5,000		10,000
Recycling Tonnage Grant	79,630	105,082	79,630		105,082
	<hr/>				
Total	\$ 98,836	\$ 128,127	\$ 98,836	\$ -	\$ 128,127
	<hr/>				

TRUST FUND

**TOWNSHIP OF LAKEWOOD
TRUST FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>GRANT TRUST FUND</u>	<u>GENERAL TRUST FUND</u>
Balance December 31, 2011	\$ 197,536	\$ 6,779,029
Increased by Receipts:		
Investment Earnings	\$ 497	
Interfund - Current Fund		\$ 276,567
Various Reserves		7,817,558
	<u>497</u>	<u>8,094,125</u>
Total Receipts	<u>497</u>	<u>8,094,125</u>
Subtotal	<u>198,033</u>	<u>14,873,154</u>
Decreased by Disbursements:		
Interfund - Current Fund		200,713
Various Reserves		7,461,766
		<u>7,662,479</u>
Total Disbursements		<u>7,662,479</u>
Balance December 31, 2012	<u>\$ 198,033</u>	<u>\$ 7,210,675</u>

EXHIBIT B-2

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 2,546,137
Increased by:	
Net Interest Earnings	<u>1,092</u>
Balance December 31, 2012	<u><u>\$ 2,547,229</u></u>

EXHIBIT B-3

**ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 20,436
Increased by:	
Dog License Fees Collected	\$ 12,729
Miscellaneous Fees Collected	<u>425</u>
	13,154
Subtotal	33,590
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>9,313</u>
Balance December 31, 2012	<u><u>\$ 24,277</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2011	\$ 12,081
2010	<u>12,196</u>
	<u><u>\$ 24,277</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
ANIMAL CONTROL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 20,012
Increased by:		
Reserve for Animal Control Expenditures	\$ 11,282	
Due to State of New Jersey	<u>1,895</u>	<u>13,177</u>
Subtotal		33,189
Decreased by:		
Reserve for Animal Control Expenditures		<u>9,312</u>
Balance December 31, 2012		<u><u>\$ 23,877</u></u>

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 424
Increased by:	
Remitted to State of New Jersey	<u>1,871</u>
Subtotal	2,295
Decreased by:	
State Fees	<u>1,895</u>
Balance December 31, 2012	<u><u>\$ 400</u></u>

**TOWNSHIP OF LAKEWOOD
GRANT TRUST FUND
SCHEDULE OF RESERVE FOR REVOLVING LOAN GRANT
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 197,536
Increased by:	
Interest Earned	<u>497</u>
Balance December 31, 2012	<u><u>\$ 198,033</u></u>

**GENERAL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 988,710
Increased by:	
Various Reserves	<u>200,713</u>
Subtotal	1,189,423
Decreased by:	
Various Reserves	<u>276,567</u>
Balance December 31, 2012	<u><u>\$ 912,856</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	INCREASED	DECREASED	BALANCE DECEMBER 31, 2012
Unemployment Compensation Insuranc	\$ 269,695	\$ 18,306	\$ 52,757	\$ 235,244
Escrow Performance	3,073,062	222,656	692,941	2,602,777
Sanitary Landfill Escrow	546,137	1,092		547,229
Outside Off-Duty Police Employment	401,114	818,339	629,001	590,452
Redemption of Tax Sale Certificates	549,023	5,119,732	5,022,612	646,143
Premium at Tax Sale	830,204	896,930	254,197	1,472,937
Law Enforcement	256,437	42,773	16,769	282,441
Law Enforcement Confiscation	39,174			39,174
Cogeneration Plant	2,000,000	6,502	6,502	2,000,000
Planning & Zoning Fees	634,115	438,870	505,931	567,054
Inspection Fees	895,483	248,218	286,416	857,285
Street Opening Permits	119,937	81,086	67,240	133,783
Parking Offenses Adjudication Act	3,570	544		4,114
Public Defender	22,802	36,504	56,207	3,099
Accumulated Absences	6	85,645	85,645	6
Snow Removal	35,031		32,589	2,442
Recreation	45,976	27,025	27,583	45,418
Pine Park Deposits	121,470	14,425	1,850	134,045
Garbage Pail Deposits	470,640	36,570	93	507,117
Total	<u>\$ 10,313,876</u>	<u>\$ 8,095,217</u>	<u>\$ 7,738,333</u>	<u>\$ 10,670,760</u>
Interfund - Current Fund	\$ 200,713			
Cash Receipts		<u>7,894,504</u>		
Total		<u>\$ 8,095,217</u>		
Interfund - Current Fund			\$ 276,567	
Cash Disbursed			<u>7,461,766</u>	
Total			<u>\$ 7,738,333</u>	

GENERAL CAPITAL FUND

EXHIBIT C-1

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 137,966
Increased by:	
Cancellation of Funded Improvement Authorizations	<u>304,102</u>
	442,068
Decreased by:	
Utilize in Budget	<u>137,000</u>
Balance December 31, 2012	<u><u>\$ 305,068</u></u>

EXHIBIT C-2

**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 1,603,359
Increased by Receipts:	
Budget Appropriation:	
Capital Improvement Fund	\$ 150,000
Interfund	731,078
Unknown	60,004
Bonds Anticipation Notes	<u>680,000</u>
	1,621,082
Subtotal	3,224,441
Decreased by Disbursements:	
Improvement Authorizations	1,186,855
Reserve for Renewal & Replacement Disbursement	8,855
Bond Anticipation Notes	<u>860,000</u>
	2,055,710
Balance December 31, 2012	<u><u>\$ 1,168,731</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH, CASH
EQUIVALENTS & INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Fund Balance	\$	305,068
Capital Improvement Fund		56,882
Reserve for Encumbrances		630,703
Reserve for Capital Improvements		9,716
Reserve for Renewal & Replacements		101,356
Reserve for 2012 Refunding Bonds COE		17,003
Improvement Authorizations:		
Ordinance		
Number		
96-28/04-80	Various Capital Improvements	(32,488)
97-29	Various Capital Improvements	16,106
98-35	Various Capital Improvements	23
98-63	Acquisition of Land-Block 965 Lot 4 & Block 967 Lot 1	(464)
99-19	Various Real Parcels of Land	22,858
99-38/07-35	Various Capital Improvements	(122,755)
00-52/03-39	Various Capital Improvements	26
01-33/05-103	Various Capital Improvements	197,903
01-39	Acquisition, Demolition & Development of Public Parking Lots	(94)
02-31	Various Capital Improvements	(13,457)
03-48	Various Capital Improvements	(91,534)
03-71	Construction of Kettle Creek Recreation Complex	30,897
04-56	Various Capital Improvements	47,057
05-32	Construction of New Public Works Facility	(1,036)
05-88	Various Capital Improvements	(104,563)
06-58/07-49	Various Capital Improvements	349,979
07-39	Various Capital Improvements	37,793
08-42	Various Capital Improvements	(238,490)
09-25	Refunding Bond Ordinance	16,776
09-65	Various Capital Improvements	(106,300)
10-16	Tax Appeal Refunding	9,342
10-67	Reappropriations	7,528
11-51	Police Deptment Improvements	45,203
12-60	Various Improvements	(22,307)
Total		<u>\$ 1,168,731</u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011			\$ 42,315,000
Increased by:			
Bonds Issued			<u>8,660,000</u>
Subtotal			50,975,000
Decreased by:			
Budget Appropriation to Pay Loans	\$	37,500	
Bonds Refunded		8,805,000	
Budget Appropriation to Pay Bonds		<u>3,660,000</u>	<u>12,502,500</u>
Balance December 31, 2012			<u><u>\$ 38,472,500</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	BOND ANTICIPATION NOTES PAID	AUTHORIZATIONS (CANCELLED)/ REAPPROPRIATE	BALANCE DECEMBER 31, 2012	ANALYSIS OF BALANCE DECEMBER 31, 2012			
							FINANCED BY BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS	
96-28/04-80	Various Capital Improvements	\$ 214,095.00	\$ -	\$ -	\$ -	\$ 214,095.00	\$ -	\$ 55,303.00	\$ 158,792.00	
97-29	Various Capital Improvements	1,270,104		26,000		1,244,104	735,700	194	508,210	
98-15	Acquisition of Real Property	13,178			(13,178)					
98-35	Various Capital Improvements	117,000				117,000			117,000	
98-63	Acquisition of Land-Block 965 Lot 4 & Block 967 Lot 1	464				464		464		
99-19/05-112	Acquisition of Various Parcels of Real Property	329,613		800		328,813	60,400		268,413	
99-38/07-35	Various Capital Improvements & Other Related Expenses	586,281				586,281		131,232	455,049	
99-64	Construction of a Baseball Facility	384,795			(384,795)					
00-52/03-39	Various Capital Improvements	759,501		24,200		735,301	600,000	(24,200)	159,501	
01-33/05-103	Various Capital Improvements , Other Related Expenses	191,180				191,180			191,180	
01-39	Acquisition, Demolition, & Development of Public Parking Lots & Related Matters	222,000				222,000		94	221,906	
02-31	Various Capital Improvements	414,625				414,625		24,674	389,951	

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	BOND ANTICIPATION NOTES PAID	AUTHORIZATIONS (CANCELLED)/ REAPPROPRIATED	BALANCE DECEMBER 31, 2012	ANALYSIS OF BALANCE DECEMBER 31, 2012		
							FINANCED BY	BOND	UNEXPENDED
							NOTES	EXPENDITURES	IMPROVEMENT AUTHORIZATIONS
03-48	Various Capital Improvements	859,669		3,000		856,669	274,200	94,134	488,335
03-71	Construction of Kettle Creek Recreational Complex	57,500		3,000		54,500	37,200	(3,000)	20,300
04-56	Various Capital Improvements	87,180		5,600		81,580	147,800	(126,557)	60,337
05-32	Construction of a New Public Works Facility & Related Expenses	7,000		3,400		3,600	60,800	(63,164)	5,964
05-88	Various Capital Improvements	1,350,178		20,400		1,329,778	752,200	106,262	471,316
06-58/07-49									
08-40	Various Capital Improvements	3,439,686		83,500		3,356,186	2,229,600	(83,500)	1,210,086
07-39	Various Capital Improvements	1,474,126		59,600		1,414,526	941,500	14,055	458,971
08-42	Various Capital Improvements	2,362,031		41,500		2,320,531	683,000	259,676	1,377,855
09-65	Remounting of Ambulance Chassis	52,000				52,000		52,000	
	Replacement of Public Works Equipment	935,723		49,000		886,723	762,600	124,123	
	Upgrade of Police Equipment	442,605				442,605		442,605	
10-67	Reappropriations of B/O Mon. Avenue & 121 & 2nd Street	80,000				80,000		72,472	7,528
10-16	Tax Appeal Refunding	2,160,000		540,000		1,620,000	1,620,000	(9,342)	9,342
11-51	Police Department Improvements	403,750				403,750	75,000	(45,203)	373,953
12-60	Various Improvements		3,017,135			3,017,135		22,307	2,994,828
	Total	\$ 18,214,284	\$ 3,017,135	\$ 860,000	\$ (397,973)	\$ 19,973,446	\$ 8,980,000	\$ 1,044,629	\$ 9,948,817

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	TOTAL APPROPRIATION	DOWN PAYMENT	BALANCE DECEMBER 31, 2012 & 2011
93-43	Sidewalk & Curb Improvements	07-22-93	\$ 75,000	\$ 3,600	<u>\$ 3,600</u>

**SCHEDULE OF DUE FROM AMERICAN BASEBALL COMPANY, LLC
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 1,000,000
Decreased by:	
Cancelled per Resolution	<u>1,000,000</u>
Balance December 31, 2012	<u>\$ -</u>

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2012 AUTHORIZATIONS										
		BALANCE DECEMBER 31, 2011			CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION		EXPENDED	AUTHORIZATIONS (CANCELLED)/ REAPPROPRIATED	BALANCE DECEMBER 31, 2012		
		ENCUMBERED	FUNDED	UNFUNDED		UNFUNDED				ENCUMBERED	FUNDED	UNFUNDED
96-28/04-80	Design, Construct & Provide Contract Administration of Sanitary Landfill Closure	\$ -	\$ -	\$ 3,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,792
	Roadway Reconstruction & Removal & Replacement of Shade Trees in the Rights-of-Ways		\$4,616	155,000							4,616	155,000
	Acquisition of Replacement of Central Processing Unit		6,556								6,556	
	Relocation & Replacement of Police Communication Center		10,225								10,225	
	Remove & Replace Playground Equipment, Park Furniture, Lighting, Storage Sheds & Other Buildings		482								482	
	Site Investigation Testing & Remedial Action in Conjunction with Public Works Garage & Pine Park	310	50							310	50	
	Reconstruction of Four Tennis Courts		28								28	
	Acquisition of Various Heavy Equipment		98								98	
	Acquisition of Computer Hardware & Software		73								73	
	Preliminary Engineering Services for Municipal Building Design		686								686	
	Acquire Miscellaneous Public Works Equipment		1								1	
97-29	Construction of Oak Street Extension From Vine to Albert Avenues	965		298,993						965		298,993
	Reconstruction of Various Streets			3,575								3,575
	Reconstruction of Various Curbs, Streets & Sidewalks			114,483								114,483
	Capital Improvements to Police Department Facility			9								9
	Purchase of Playground Equipment & Recreation Facility Rehabilitation			2,425			2,050					375
	Various Improvements to Brook Road Park			16,126								16,126
	Refurbishing the HVAC Systems & Roof Repairs			743								743
	Handicap Accessibility & Related Improvements to The Carnegie Library			73,906								73,906

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011			2012 AUTHORIZATIONS		AUTHORIZATIONS (CANCELLED)/ EXPENDED REAPPROPRIATED	BALANCE DECEMBER 31, 2012			
		ENCUMBERED	FUNDED	UNFUNDED	CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED		ENCUMBERED	FUNDED	UNFUNDED	
98-15	Providing for the Acquisition of Real Property			13,178				13,178			
98-35	Reconstruction of Industrial Park Roadways			8,314							8,314
	Computer Hardware & Software		22	1,827					22		1,827
	Refurbishment of Conference Room			1							1
	Playground Equipment for Pine, 4th Street & North Lake Drive Parks			91,468							91,468
	Replacement of Vehicles & Heavy Equipment Use by Public Works			2,902							2,902
	Improvements to Public Works Building			5,011							5,011
	Curbing & Drainage Improvements Along South Lake Drive			7,478							7,478
99-19/05-112	Acquisition of Various Parcels of Property			322,471							322,471
99-38/07-35	Reconstruction of Various Streets			3,686							3,686
	Repaving of Sidewalks Along West County Line Road			29,592							29,592
	Culvert Improvements at Pine Street & Route 9 & Improvements in Cabinfield Area		8,477	326,989					8,477		326,989
	Surveying, Geotechnical & Hydraulic Analysis & General Engineering Studies Along with Physical Improvements to the Forest Drive Dam			210,780			51,346		68,652		90,782
	Acquisition of Equipment & Various Public Improvements			9,700			5,700				4,000
99-64	Construction of a Baseball Facility (Including Parking) & Related Improvements		114,332	384,795					499,127		
00-52/03-39	Reconstruction of Various Streets		5,751							5,751	
	HVAC Renovations to Municipal Building			39,228							39,228
	Police Department Equipment & Building Improvements			1,086							1,086
	Public Works Equipment & Building Improvements			124,846							124,846
	Recreational Complex Site Work & Improvements			7,616							7,616
00-54	Certain Costs of the Construction of Baseball Facility		1,138,691						1,138,691		

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2012 AUTHORIZATIONS										
		BALANCE DECEMBER 31, 2011			CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED	EXPENDED	AUTHORIZATIONS (CANCELED)/ REAPPROPRIATED	BALANCE DECEMBER 31, 2012			
		ENCUMBERED	FUNDED	UNFUNDED					ENCUMBERED	FUNDED	UNFUNDED	
01-33/05-103	Construction of Recreational Complex			167,187								167,187
	Acquisition of Various Equipment & Building, Improvements for Police Department, Acquisition of Risk Management Computer Systems			4,420								4,420
	Acquisition & Improvements for Department of Public Works			26,295		174,853					26,295	174,853
	Office of Emergency Management (OEM) Building Repair & Maintenance & Purchase of Emergency Transportation Vehicle					7,359						7,359
	Acquisition of Oxygen Tank Safety Locking Devise for Oxygen Fill Station					749						749
	Repair of Community Center Roof & Other Affected Components					8,219						8,219
01-39	Acquisition, Demolition & Development of Public Parking Lots					221,906						221,906
02-31	Overlay of Various Streets	1,622								1,622		
	Drainage Improvements in the Cabinfield Area		11,217	250,000							11,217	250,000
	Community Center HVAC & Building Repairs			3,378								3,378
	Acquisition & Improvements for Department of Public Works					141,124				8,150		132,974
	Office Emergency Management Building Repairs & Improvements, Acquisition of Four Wheel Drive Vehicle & Trailer, & Construction of Light Tower					3,599						3,599
03-48	Acquisition of Exercise Equipment, Computer Upgrade & Acquisition of Furniture & Equipment					8,814						8,814
	Acquisition of Light Tower for OEM					1,116						1,116
	Replace Ambulance for Emergency Medical Technicians					7,472						7,472
	Acquisition & Improvement for Department of Public Works	500				774,346		303,913				470,933
03-71	Construction of Kettle Creek Recreational Complex					53,397						53,397

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011			2012 AUTHORIZATIONS		AUTHORIZATIONS (CANCELLED)/ EXPENDED/REAPPROPRIATED	BALANCE DECEMBER 31, 2012		
		ENCUMBERED	FUNDED	UNFUNDED	CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED		ENCUMBERED	FUNDED	UNFUNDED
04-56	Various Road Improvements Including Paving & Construction/Reconstruction of Sidewalks & Curbs	12,764		56,632				12,764		56,632
	Acquisition of Equipment & Furniture for Municipal C									
	Acquisition of Upgraded Dictaphone Recording System for the Police Department			77						77
	Acquisition & Improvements for Department of Public Works Including Replacement of Playground Equipment			7,978				4,350		3,628
05-32	Construction of New Public Works Facility			5,964						5,964
05-88	Various Road Improvements			214,501		81,779				132,722
	Acquisition of Equipment & Furniture for Municipal C	8,030		35,061				8,030		35,061
	Replacement of First Responder Units & Installation of Vehicle Exhaust System in Bays for Emergency Medical Technicians			23,985		423				23,562
	Acquisition & Improvements to Township Municipal Building & Office of Emergency Management	15,793		275,360		17,302				273,851
	Acquisition of Various Equipment for Police Department	66,379		39,311		73,196		26,374		6,120
06-58/07-49	Various Road Improvements			1,097,218		87,744		20,256		989,218
	Acquisition of Equipment & Furniture for Municipal C	3,060		52,808		3,060				52,808
	Acquisition of a Command Transport Vehicle & Vehicular Computerized Data Systems/Printer for Emergency Medical Technicians & an Ambulance			25,597						25,597
	Acquisitions of Equipment & Improvements to Municipal Building			157,763						157,763
	Replacement of the Computerized Dispatch/Records Management System for Police Department			195,579						195,579
07-39	Various Road Improvements	759	1,534	275,000		12,705		23,873		240,715
	Acquisition of Equipment for Emergency Medical Technicians			1,340						1,340
	Acquisitions of Equipment for Office of Emergency Management	88,126		76,891		97,723		39,930		27,364
	Replacement Equipment for Public Works Department			164,178		23,569				140,609
	Acquisition of Computer Equipment		2,448	48,943				2,448		48,943

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2012 AUTHORIZATIONS										
		BALANCE DECEMBER 31, 2011			CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION		EXPENDED	AUTHORIZATIONS (CANCELLED)/ REAPPROPRIATED	BALANCE DECEMBER 31, 2012		
		ENCUMBERED	FUNDED	UNFUNDED		UNFUNDED	ENCUMBERED			FUNDED	UNFUNDED	
08-42	Various Road Improvements		13,750	275,000						13,750	275,000	
	Replacement Equipment for Public Works											
	Department & Fencing for Township											
	Tennis Courts & Pine Park	219,441		1,351,509			267,181		238,490		1,065,279	
	Acquisition of Computer Hardware/Software											
	Upgrades for the Township General											
	Office		873	37,576			137			736	37,576	
09-25	Refunding Bond Ordinance		16,776							16,776		
09-65	Remounting of Ambulance Chassis											
	Replacement of Public Works Equipment			140,124			95,480		7,952		36,692	
	Upgrade of Police Equipment		22,131	442,605						22,131	442,605	
10-67	Reappropriations of B/O Mon. Avenue 121 & 2nd Street	5,515		7,528						5,515	7,528	
10-16	Tax Appeal Refunding			12,140			2,798				9,342	
11-51	Police Department Improvements	500	20,750	403,750			50,997		50		373,953	
12-60	Various Improvements				150,865	3,017,135	9,752			163,420		2,994,828
	Total	\$ 423,764	\$ 1,577,469	\$ 9,340,770	\$ 150,865	\$ 3,017,135	\$ 1,186,855	\$ 1,650,996	\$ 630,703	\$ 302,025	\$ 10,739,424	

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	REFUNDED	PAID BY BUDGET APPROPRIATION	ISSUED	BALANCE DECEMBER 31 2012
			DATE	AMOUNT						
2009 Refunding Bond Issue	1/15/09	\$3,500,000	01/15/13	495,000	4.000%	\$2,930,000		\$ 500,000		\$ 2,430,000
			01/15/14	490,000	4.000%					
			01/15/15	485,000	3.897%					
			01/15/16	480,000	5.000%					
			01/15/17	480,000	5.000%					
General Improvements	10/01/02	9,785,000				4,160,000	3,395,000	765,000		
Refunding Bonds	05/01/03	2,800,000	03/15/13	260,000	3.300%	525,000		265,000		260,000
Pension Obligation Refunding Bonds	09/01/03	1,145,000	04/01/13	65,000	5.40%	995,000	875,000	55,000		65,000
General Improvement	05/01/05	9,800,000	01/15/13	640,000	3.750%	6,450,000	4,535,000	615,000		1,300,000
			01/15/14	660,000	3.750%					

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	REFUNDED	PAID BY BUDGET APPROPRIATION	ISSUED	BALANCE DECEMBER 31 2012
			DATE	AMOUNT						
General Improvements	11/01/07	9,800,000	11/01/13	500,000	4.000%	7,800,000		500,000		7,300,000
			11/01/14	500,000	4.000%					
			11/01/15	500,000	4.000%					
			11/01/16	500,000	4.000%					
			11/01/17	500,000	4.100%					
			11/01/18	500,000	4.125%					
			11/01/19	500,000	4.125%					
			11/01/20	500,000	4.125%					
			11/01/21	500,000	4.125%					
			11/01/22	500,000	4.125%					
			11/01/23	500,000	4.125%					
			11/01/24	500,000	4.200%					
			11/01/25	500,000	4.250%					
			11/01/26	500,000	4.250%					
			11/01/27	300,000	4.250%					
General Improvements	11/06/08	21,800,000	11/01/13	960,000	4.750%	19,380,000		960,000		18,420,000
			11/01/14	970,000	4.750%					
			11/01/15	970,000	5.000%					
			11/01/16	970,000	5.000%					
			11/01/17	970,000	5.000%					
			11/01/18	970,000	5.000%					
			11/01/19	970,000	5.000%					
			11/01/20	970,000	5.000%					
			11/01/21	970,000	5.000%					
			11/01/22	970,000	5.250%					
			11/01/23	970,000	5.375%					
			11/01/24	970,000	5.375%					
			11/01/25	970,000	5.500%					
			11/01/26	970,000	5.500%					
			11/01/27	970,000	5.625%					
			11/01/28	970,000	5.625%					
			11/01/29	970,000	5.700%					
			11/01/31	1,940,000	5.750%					

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	REFUNDED	PAID BY BUDGET APPROPRIATION	ISSUED	BALANCE DECEMBER 31, 2012
			DATE	AMOUNT						
General Improvement Refunding Bond	7/31/12	7,705,000	1/15/13	805,000	3.000%					
			1/15/14	800,000	3.000%				7,705,000	7,705,000
			1/15/15	1,525,000	4.000%					
			1/15/16	1,585,000	4.000%					
			1/15/17	705,000	4.000%					
			1/15/18	735,000	4.000%					
			1/15/19	760,000	4.000%					
			1/15/20	790,000	4.000%					
Pension Obligation Refunding Bonds	7/31/12	955,000	4/1/13	20,000	0.750%				955,000	955,000
			4/1/14	95,000	1.250%					
			4/1/15	100,000	1.500%					
			4/1/16	115,000	2.000%					
			4/1/17	125,000	2.250%					
			4/1/18	135,000	2.700%					
			4/1/19	150,000	2.900%					
			4/1/20	165,000	3.250%					
			4/1/21	50,000	3.500%					
			365,000	Total		\$ 42,240,000	\$ 8,805,000	\$ 3,660,000	\$ 8,660,000	\$ 38,435,000

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER/ DATE	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	AMOUNT OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31 2011	INCREASED	DECREASED	REFUNDED	BALANCE DECEMBER 31, 2012
10-16	Tax Appeal Refunding	04/29/10	\$ 2,700,000	4/29/12	4/23/13	0.840%	\$ 2,160,000	\$ -	\$ 540,000	\$ -	\$ 1,620,000
Various	Various Capital Improvements	6/23/11	7,000,000	6/23/11	6/23/12	1.250%	7,000,000		320,000	6,680,000	
Various	Various Capital Improvements	7/3/12	7,360,000	7/3/12	7/3/13	1.500%		7,360,000			7,360,000
Total							<u>\$ 9,160,000</u>	<u>\$ 7,360,000</u>	<u>\$ 860,000</u>	<u>\$ 6,680,000</u>	<u>\$ 8,980,000</u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 57,747
Increased by:	
Budget Appropriation	<u>150,000</u>
Subtotal	207,747
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>150,865</u>
Balance December 31, 2012	<u><u>\$ 56,882</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF N.J. ECONOMIC DEVELOPMENT AUTHORITY LOAN
FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE	PAID BY	BALANCE	
						DECEMBER 31, 2011	BUDGET AUTHORIZATIONS	DECEMBER 31, 2012	
Loan of 1/26/94	01/26/94	\$750,000	2012 to 2013	\$75,000	1.50%	\$ 75,000	\$ 37,500	\$ 37,500	
Total						\$ 75,000	\$ 37,500	\$ 37,500	
						PAYMENT NUMBER	DUE	PRINCIPAL	INTEREST
						20	08-05-13	\$ 37,500	\$ 563
						Total	\$ 37,500	\$ 563	

**SCHEDULE OF RESERVE FOR IMPROVEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT C-13

Balance December 31, 2012 & 2011	<u>\$ 9,716</u>
----------------------------------	-----------------

**SCHEDULE OF RESERVE FOR RENEWAL AND REPLACEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012**

EXHIBIT C-14

Balance December 31, 2011	\$ 110,211
Decreased by:	
Disbursement	<u>8,855</u>
Balance December 31, 2012	<u>\$ 101,356</u>

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2012

ORDINANCE NUMBER/DATE	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	PAID BY BUDGET APPROPRIATIONS	BOND ANTICIPATION NOTES ISSUED	ADJUSTMENTS	ORDINANCES CANCELLED	BALANCE DECEMBER 31, 2012
96-28/04-80	Various Capital Improvements	\$ 214,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,095
97-29	Various Capital Improvements	513,104		26,000	(26,000)	(21,000)		492,104
98-15	Acquisition of Real Property	13,178					13,178	
98-35	Various Capital Improvements	117,000						117,000
98-63	Acquisition of Land	464						464
99-19	Various Real Parcels of Land	268,413		800	(800)	31,200		299,613
99-38/07-35	Various Capital Improvements	586,281						586,281
99-64	Construction of Baseball Facility	384,795					384,795	
00-52	Various Capital Improvements	223,501		24,200	(24,200)	(45,000)		178,501
01-33	Various Capital Improvements & Other Related Expenses	191,179						191,179
01-39	Acquisition, Demolition, & Development Public Parking Lots & Related Matters	222,000						222,000
02-31	Various Capital Improvements	414,625						414,625
03-48	Various Capital Improvements	698,169		3,000	112,800	(2,500)		579,869
03-71	Construction of Kettle Creek Recreation Complex	18,900		3,000	(3,000)	3,600		22,500
04-56	Various Capital Improvements	13,280		5,600	(5,600)			13,280
05-32	Various Capital Improvements			3,400	(3,400)	7,000		7,000
05-88	Various Capital Improvements	822,279		20,400	92,000	(134,000)		575,879
06-58/07-49/08-40	Various Capital Improvements	2,188,786		83,500	38,600	(995,700)		1,070,986
07-39	Various Capital Improvements	118,126		59,600	88,900	454,000		423,626
08-42	Various Capital Improvements	747,031		41,500	64,700	990,000		1,630,831
09-65	Various Capital Improvements	895,328		49,000	(49,000)	(287,600)		607,728
11-51	Police Department Improvements	403,750			75,000			328,750
12-60	Various Capital Improvements		3,017,135					3,017,135
Total		\$ 9,054,284	\$ 3,017,135	\$ 320,000	\$ 360,000	\$ -	\$ 397,973	\$ 10,993,446

FIXED ASSETS

TOWNSHIP OF LAKEWOOD
GENERAL FIXED ASSET ACCOUNT GROUP
SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS
DECEMBER 31, 2012 AND 2011

	BALANCE DECEMBER 31, 2011	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2012
General Fixed Assets:				
Land	\$ 10,716,400	\$ -	\$ -	\$ 10,716,400
Buildings	26,933,005			26,933,005
Furniture & Fixtures, Equipment & Vehicles	16,949,938	314,894	117,040	17,147,792
Total	<u>\$ 54,599,343</u>	<u>\$ 314,894</u>	<u>\$ 117,040</u>	<u>\$ 54,797,197</u>

SINGLE AUDIT SECTION



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

10 Allen Street, Suite 2B, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

EXHIBIT K-1

**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**

The Honorable Mayor and Members
of the Township Committee
Township of Lakewood
County of Ocean
Lakewood, New Jersey 08701

We have audited the financial statements of the Township of Lakewood, County of Ocean, State of New Jersey, as of and for the fiscal year ended December 31, 2012, and have issued our report thereon dated May 10, 2013. Our report disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis 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 audit requirements as 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, we considered the Township of Lakewood's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Comment and Recommendation Section, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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

of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Comment and Recommendation Section as Finding No.'s: 2012-01, 2012-02, 2012-03, and 2012-05 to be material weaknesses.

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. We consider the deficiency described in the accompanying Comment and Recommendation Section as Finding No: 2012-04 to be a significant deficiency.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Lakewood'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 six 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, which are described in the accompanying Comment and Recommendation Section as Finding No's: 2012-01, 2012-02, 2012-03, 2012-04, and 2012-05.

This report is intended solely for the information and use of the Township of Lakewood's management, and Committee members, others within the organization, the Division of Local Government Services, and federal and 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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over a faint, larger signature that appears to read 'Allison Holman Frenia'.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

Medford, New Jersey
May 10, 2013

EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
REQUIRED BY OMB CIRCULAR A-133 AND NJ OMB CIRCULAR 04-04**

Honorable Mayor and Members
of Township Committee
Township of Lakewood
County of Ocean
Lakewood, New Jersey 08701

Compliance

We have audited the compliance of the Township of Lakewood, in the County of Ocean, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Office of Management and Budget's (OMB) State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended December 31, 2012. The Township's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal or state programs is the responsibility of Township of Lakewood's management. Our responsibility is to express an opinion on Township of Lakewood's compliance based on our audit.

We conducted our audit of compliance 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; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Township of Lakewood's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Lakewood's compliance with those requirements.

In our opinion, the Township of Lakewood, County of Ocean, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2012.

Internal Control Over Compliance

The management of the Township of Lakewood is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of Lakewood's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and OMB Circular 04-04. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

A deficiency in the Township's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Township of Lakewood's management and committee members, others within the organization, the Division of Local Government Services, state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia".

Kevin P. Frenia
Certified Public Account
Registered Municipal Accountant
CR 435

Medford, New Jersey
May 10, 2013

TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

DERAL GRANTOR/PASS-THROU GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S #/ FEDERAL GRANT #	GRANT PERIOD	CASH RECEIVED	PROGRAM EXPENDITURES
Department of Law & Public Safety:					
Edward Byrne Memorial Justice Assistance Grant	16.751	15-0404-0-1-754	Open	\$ -	\$ 48,415
Total Department of Law & Public Safety					48,415
Department of Environmental Protection:					
Fence Environmental	N/A	N/A	Open	11,374	13,537
Total Department of Environmental Protection				11,374	13,537
Department of Transportation:					
FAA Lakewood Airport	N/A	N/A	Open	76,616	102,617
Total Department of Transportation				76,616	102,617
Department of Housing & Urban Development					
Direct Programs:					
Community Development Block Grant	14.218	00-022-8020-078-02292	Various	\$841,631	698,754
Energy Efficiency Grant	N/A	N/A	Open	269,039	413,478
Residential Assistance Program (Note 2)	14.UNK	NY-1114	Open	15,049,288	15,047,732
Total Department of Housing & Urban Development				16,159,958	16,159,964
Total Federal Financial Assistance				\$ 16,247,948	\$ 16,324,533

TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

STATE PROGRAM	STATE ACCOUNT NUMBER OR GRANT NUMBER	GRANT PERIOD	CASH RECEIVED	PROGRAM EXPENDITURES
Department of Transportation:				
New Jersey Transportation Trust Fund Act:				
Authority Act - Cedarbridge Corp. Campus	480-078-6310-xxx-xxxx	Open	\$ -	\$ 767,235
FAA Lakewood Airport	100-078-6070-xxx-xxxx	Open		5,404
Municipal Aide Program	480-078-6310-xxx-xxxx	Open		74,300
Highway Safety Fund	480-078-6310-xxx-xxxx	Open		51,131
Total Department of Transportation				<u>898,070</u>
Department of Environmental Protection:				
Clean Communities Act	4900-765-178900-60	Various	88,208	77,224
Fence Environmental	2010	Various		199
Recycling Tonnage Grant	4900-752-178840-60	Various		89,536
Total Department of Environmental Protection			<u>88,208</u>	<u>166,959</u>
Department of Law & Public Safety:				
Drunk Driving Enforcement Fund	6400-100-078-6400	Open		2,763
Driving While Intoxicated	2012	Various		2,732
Body Armor Grant	1020-718-066-1020-001	Various		14,681
Bulletproof Vest Partnership Grant	2010	Various		
Helipad	2011	Various	5,853	9,435
Lakewood Transit Connect Grant	2012	Various		95,146
Runway End Identifier Lights	2011	Various	17,168	90,340
OSHP - CARS Grant Program	2001	Various		1,003
Sports & Entertainment - H2 - S2	2011	Various	25,624	
Seal Coating/Winsock	2011	Various		93
Safe & Secure Communities	100-066-1020-107-090940	Various	48,582	59,667
Total Department of Law & Public Safety			<u>97,227</u>	<u>275,860</u>
Department of Health:				
Pass-Through Programs from:				
Ocean County Board of Health:				
Municipal Drug Alliance	2012	Various	35,898	71,745
Total Department of Health			<u>35,898</u>	<u>71,745</u>
Department of Commerce & Economic Development				
Economic Development Initiative Fund	2011	Various	142,500	24,250
Small Business Development	2012	Various	35,380	35,380
Urban Enterprise Zone Assistance Fund:				
Acquisition of 228 Main Street	763-020-2830-034	Various	\$264,614	265,105
Administrative Budget	763-020-2830-034	Various	461,911	518,928
Business Attraction Initiative	763-020-2830-034	Various	114,765	92,288
Coop Advertising Program-Pilot Project	763-020-2830-034	Various	45,025	91,537
Downtown Parking	763-020-2830-034	Various	279,359	241,051
Monmouth Avenue Revitalization	763-020-2830-034	Various	24,486	
Marketing and Public Relations	763-020-2830-034	Various	76,714	72,691
Strand Theatre	763-020-2830-034	Various	46,428	46,170
Franklin St. Redevelopment Area				
Acquisition	763-020-2830-034	Various	1,120	977
Municipal Services	763-020-2830-034	13.5	445,451	648,253
Infrastructure Improvements - Industrial Park	763-020-2830-034	Various	190,881	339,812
Hatzola Emergency Vehicle	763-020-2830-034	Various	20,000	20,000
Total Department of Commerce & Economic Development			<u>2,148,634</u>	<u>2,396,442</u>
Total State Financial Assistance			<u>\$ 2,369,967</u>	<u>\$ 3,809,076</u>

TOWNSHIP OF LAKEWOOD

**NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 1. General

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Township of Lakewood. The Township is defined in Note 1 to the Township's general-purpose financial statements. All federal awards and federal and state financial assistance received directly from state agencies, as well as federal and state financial assistance passed through other government agencies is included on the schedule of federal awards and federal and state financial assistance.

Note 2. Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3. Relationship to Financial Statements – Statutory Basis

Amounts reported in the accompanying schedules agree with amounts reported in the Township's general-purpose financial statements. Expenditures from awards are reported in the Township's financial statements as follows:

	State	Federal	Total
State & Federal Grant Fund	\$2,369,967	\$16,247,948	<u>\$18,617,915</u>

Note 4. Relationship to Federal and Federal and state financial Report

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and federal and state financial report.

Note 5. Major Programs

Major programs are identified in the Schedule of Findings and Questioned Costs section.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	Yes
2) Where significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial Statements noted?	No

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With 510(A) of Circular A-133	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.UNK	Residential Assistance Programs
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	\$489,736
Auditee qualified as low-risk auditee?	Yes

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2012

Section I – Summary of Auditor’s Results (continued):

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	Yes
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	No

Identification of major programs:

GMIS Number(s)	Name of State Program
12-763-020-2830-034	Urban Enterprise Zone Assistance Fund
12-480-078-6310-xxx	Transportation Trust Fund Act

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2012-01:

Criteria or Specific Requirement:

Compensated absence payouts made by the Township to police department employees should reflect the balances calculated and maintained by the payroll department.

Condition:

The testing of employee payouts of compensated absence balances showed that amounts paid to employees in the police department differed from amounts recorded in the compensated absence tracking software. Also, proper authorization, as required by the township internal controls, of payouts was not observed.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2012

Section II – Financial Statement Findings (continued):

Finding 2012-01 (continued):

Context:

All payouts should be properly authorized, calculated and maintained by the payroll department.

Effect:

Payouts of compensated absence balances were made for amounts different than what is being maintained in the payroll department computer system.

Cause:

The police department was providing calculations of payouts from records that have been maintained separate from the payroll department records.

Recommendation:

That all compensated absence balances be tracked and approved by the payroll department. Also that payouts made reflect balances calculated and maintained by the payroll department.

Views of Responsible Officials and Planned Corrective Action:

The Township will correct in 2013.

Finding 2012-02:

Criteria or Specific Requirement:

All internal control procedures should be observed in the Tax Collector's office.

Condition:

Internal control procedures used to ensure that tax collections are correctly deposited and reported were not being observed. The internal control deficiencies observed included:

- The tax collector's monthly cash reports were not reconciled with actual cash deposits.
- Tax deposits into the bank were not made in a timely manner upon receipt of funds. State statute requires all municipal funds to be deposited within 48 hours of receipt.
- Municipal held lien tax billings were not being transferred into the tax title lien register.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2012

Section II – Financial Statement Findings (continued):

Finding 2012-02 (continued):

Context:

In order to ensure that tax collections are correctly deposited and reported, internal controls need to be observed in regard to tax collection.

Effect:

Internal controls over tax collections are not being complied with.

Cause:

The Tax Collector failed to perform all required duties of the office.

Recommendation:

That all internal control procedures be observed to ensure that tax collections are correctly deposited and reported.

Views of Responsible Officials and Planned Corrective Action:

The Township will correct in 2013.

Finding 2012-03:

Criteria or Specific Requirement:

Proper detailed documentation should be maintained to account for tax overpayment balances in order to ensure all accounts are properly credited and refunds are proper

Condition:

The analysis of tax overpayment balances maintained by the Collector's Office does not sufficiently reflect all transactions.

Context:

The analysis of tax overpayment balances maintained by the Collector's Office does not sufficiently reflect all transactions.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2012

Section II – Financial Statement Findings (continued):

Finding 2012-03 (continued):

Effect:

Accurate financial information was not available for tax overpayments during the year, nor at year-end, in order to facilitate the preparation of the annual financial statements.

Cause:

The Tax Collector failed to properly maintain an analysis of all overpayment transactions during the year.

Recommendation:

That an analysis of all tax overpayment transactions be maintained and reconciled on a monthly basis.

Views of Responsible Officials and Planned Corrective Action:

The Township will correct in 2013.

Finding 2012-04:

Criteria or Specific Requirement:

Tax abatements should be billed and collected accurately and timely.

Condition:

The tax abatements are not being billed and collected accurately and timely per resolutions establishing billings.

Context:

The tax abatements are not being billed and collected accurately and timely per resolutions establishing billings.

Effect:

The Township has a receivable for tax abatements that have not been collected in the 2011 year.

Cause:

The tax abatements are not being billed and collected accurately and timely per resolutions establishing billings.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2012

Section II – Financial Statement Findings (continued):

Finding 2012-04:

Recommendation:

That the tax abatements should be billed and collected accurately and timely per resolutions establishing billings.

Views of Responsible Officials and Planned Corrective Action:

The Township will correct in 2013.

Finding 2012-05:

Criteria or Specific Requirement:

The Township should be maintaining a bank reconciliation and analysis of the third party liens and premiums it has collected in the trust other fund.

Condition:

No bank reconciliation or analysis of balance for the third party tax title lien account or premium account has been maintained by the Township in the trust other fund.

Context:

The Township retains an updated reconciliation and detail of the third party liens and premiums that have been awarded at the tax sale.

Effect:

The Township has a cash balance in the trust other fund which cannot be tied into a general ledger accounting system or allocated to specific liens or premiums.

Cause:

The tax collector has not maintained an accurate bank reconciliation or analysis of the tax title lien and premiums activity in the trust other fund.

Recommendation:

That a bank reconciliation and analysis of third party lien account and premium account be maintained by the Township.

Views of Responsible Officials and Planned Corrective Action:

The Township will correct in 2013.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2012

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**TOWNSHIP OF LAKEWOOD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended December 31, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

Finding 2010-01:

Condition:

Cash collections reflected on the monthly Collector's report do not agree to the monthly cash deposits in most instances.

Current Status:

This has not been corrected.

Finding 2010-02:

Condition:

The Tax Collector's surety bond must be a separate bond, rather than a blanket bond in order to meet the requirements promulgated by New Jersey Statute.

Current Status:

This has been corrected.

Finding 2010-03:

Condition:

The analysis of tax overpayment balances maintained by the Collector's Office does not sufficiently reflect all transactions.

Current Status:

This has not been corrected.

TOWNSHIP OF LAKEWOOD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT (continued):
For the Fiscal Year Ended December 31, 2012

Finding 2010-04:

Condition:

The listing of foreclosed properties held by the Township is recorded at old assessment values of the properties.

Current Status:

This has been corrected.

Finding 2010-05:

Condition:

No analysis of third party tax title liens has been maintained by the Township in the trust other fund.

Current Status:

This has not been corrected.

Finding 2010-06:

Condition:

Numerous properties that had delinquent tax balances were not properly brought to tax sale in 2010. The 2010 tax sale was incomplete.

Current Status:

This has been corrected.

Finding 2011-01:

Condition:

The testing of employee payouts of compensated absence balances showed that amounts paid to employees in the police department differed from amounts recorded in the compensated absence tracking software. Also, proper authorization, as required by the township internal controls, of payouts was not observed.

TOWNSHIP OF LAKEWOOD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT (continued):
For the Fiscal Year Ended December 31, 2012

Current Status:

This has not been corrected.

Finding 2011-02:

Condition:

Internal control procedures used to ensure that tax collections are correctly deposited and reported were not being observed. The internal control deficiencies observed included:

- The tax collector's monthly cash reports were not reconciled with actual cash deposits.
- Tax deposits into the bank were not made in a timely manner upon receipt of funds. State statute requires all municipal funds to be deposited within 48 hours of receipt.
- Tax collection deposits were being made into incorrect bank accounts.
- Municipal held lien tax billings were not being transferred into the tax title lien register.

Current Status:

This has not been corrected.

Finding 2011-03:

The analysis of tax overpayment balances maintained by the Collector's Office does not sufficiently reflect all transactions.

Current Status:

This has not been corrected.

Finding 2011-04:

Condition:

The tax abatements are not being billed and collected accurately and timely per resolutions establishing billings.

Current Status:

This has not been corrected.

**TOWNSHIP OF LAKEWOOD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT (continued):
For the Fiscal Year Ended December 31, 2012**

Finding 2011-05:

Condition:

No bank reconciliation or analysis of balance for the third party tax title lien account or premium account has been maintained by the Township in the trust other fund.

Current Status:

This has not been corrected.

Finding 2011-06:

Condition:

The listing of foreclosed properties held by the Township is recorded at old assessment values of the properties.

Current Status:

This has been corrected.

SUPPLEMENTARY DATA

**Summary of Municipal Debt
(Excluding Current Debt)**

	2012	2011	2010
Issued & Outstanding:			
General - Bonds & Notes	\$47,415,000	51,400,000	55,238,000
Loan Payable	37,500	75,000	112,500
Net Debt Issued	<u>47,452,500</u>	<u>51,475,000</u>	<u>55,350,500</u>
Authorized But Not Issued:			
General - Bonds & Notes	<u>10,993,446</u>	<u>9,054,284</u>	<u>9,987,826</u>
Total Issued & Authorized but Not Issued	<u>58,445,946</u>	<u>60,529,284</u>	<u>65,338,326</u>
Less:			
Reserve to Pay Debt Service			52,324
UEZ Baseball Facility, per			
Local Redevelopment Law (N.J.S.A.40A:12A-37d)		394,795	782,794
Bonds per N.J.S.A.40A:2-52	<u>1,020,000</u>	<u>995,000</u>	<u>1,040,000</u>
Total	<u>1,020,000</u>	<u>1,389,795</u>	<u>1,875,118</u>
Net Bonds & Notes Issued & Authorized but Not Issued	<u>\$57,425,946</u>	<u>59,139,489</u>	<u>63,463,208</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 .753%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$629,000	629,000	
General Debt	<u>58,445,946</u>	<u>1,020,000</u>	<u>57,425,946</u>
Total	<u>\$59,074,946</u>	<u>1,649,000</u>	<u>57,425,946</u>

Net debt, \$57,425,946 divided by Equalized Valuation Basis Per N.J.S.A.40A:2-2 as amended, \$7,624,109,349 equals .753 %.

Equalized Valuation Basis:

2012	\$7,319,693,042
2011	7,587,789,712
2010	<u>7,964,845,293</u>
Average	<u>\$7,624,109,349</u>

Borrowing Power Under 40A:2-6

3.5% of Equalized Valuation Basis (Municipal)	\$266,843,827
Municipal Net Debt	<u>57,425,946</u>
Remaining Borrowing Power	<u>\$209,417,881</u>

**Comparative Statement of Operations and
Change in Fund Balance - Current Fund**

	YEAR 2012		YEAR 2011	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Revenue and Other Income Realized				
Fund Balance Utilized	\$7,997,000	4.68%	5,973,250	3.46%
Miscellaneous - From Other Than				
Local Property Tax Levies	18,735,380	10.98%	19,314,420	11.20%
Collection of Delinquent Taxes &				
Tax Title Liens	2,809,923	1.65%	5,947,502	3.45%
Collection of Current Tax Levy	141,152,778	82.69%	141,165,249	81.88%
Total Income	170,695,081	100.00%	172,400,421	100.00%
Expenditures				
Budget Expenditures - Municipal				
Purposes	65,082,059	39.07%	63,225,236	38.42%
County Taxes	27,028,508	16.23%	27,108,995	16.47%
Local/ Regional School Taxes	72,246,057	43.38%	71,105,078	43.20%
Special District Tax	2,053,209	1.23%	3,142,673	1.91%
Interfunds Created/Other	149,823	0.09%		
Total Expenditures	166,559,656	100.00%	164,581,982	100.00%
Excess in revenue	4,135,425		7,818,439	
Expenditures Included Above which are by Statute				
Deferred Charges to Budgets of Succeeding Ye			1,156,000	
Statutory Excess to Fund Balance	4,135,425		8,974,439	
Fund Balance January 1	10,036,459		7,035,270	
Total	14,171,884		16,009,709	
Less: Utilization as Anticipated				
Revenue	7,997,000		5,973,250	
Fund Balance December 31	\$6,174,884		10,036,459	

**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 collections could be an indication of a probable increase in future tax levies.

YEAR	TAX LEVY	CURRENTLY	
		CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2012	\$146,479,145	141,152,778	96.36%
2011	146,670,734	141,165,249	96.25%
2010	148,469,166	141,528,084	95.32%

Comparison of Tax Rate Information

	2012	2011	2010
Total Tax Rate	<u>\$2.299</u>	<u>\$2.270</u>	<u>\$2.308</u>
Apportionment of Tax Rate:			
Municipal	0.694	0.686	0.686
County	0.426	0.420	0.408
Local School District	1.146	1.114	1.157
Fire District	0.033	0.050	0.057

Net Valuation Taxable:

2012	<u>\$6,304,073,680</u>	
2011	<u>\$6,354,811,051</u>	
2010		<u>\$6,354,811,051</u>

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.

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2011	\$1,231,914	3,448,199	4,680,113	3.19%
2011	1,020,090	3,676,409	4,696,499	3.16%
2010	726,220	6,074,597	4,996,999	4.64%

Property Acquired by Tax Title Lien Liquidation

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

YEAR	AMOUNT
2012	\$54,789,200 *
2011	5,930,092
2010	5,953,392
2009	5,959,192
2008	5,961,192

* See Note 15 of the Notes to Financial Statements

Comparative Schedule of Fund Balances

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:

Current Fund

Current Fund:	Balance December 31	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2012	\$6,174,884	5,100,000	82.59%
2011	10,036,459	7,997,000	79.68%
2010	7,035,270	5,973,250	84.90%
2009	7,560,991	5,650,000	74.73%
2008	6,705,087	5,500,000	82.03%

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2012.

NAME	POSITION	AMOUNT OF BOND
Menashe Miller	Mayor	
Albert Akerman	Deputy Mayor	
Raymond Coles	Committeeman	
Meir Lichtenstein	Committeeman	
Steven Langert	Committeeman	
Michael Muscillo	Township Manager	
William Rieker	Treasurer, Chief Financial Officer	\$313,000
Mary Ann Del Mastro	Township Clerk	
Effie Presley	Tax Collector, Tax Search Officer	
Scott J. Basen	Judge	\$ 1,000
Janet Wolchko	Court Administrator	
Bathgate, Wegener & Wolf	Township Attorney	
Remington Vernick & Vena	Township Engineer	

All employees not covered by specific bonds listed above are covered by a public employee dishonesty bond in the amount of \$50,000 by the Ocean County Municipal Joint Insurance Fund.

There are blanket bonds for secondary coverage with the Municipal Excess Liability Joint Insurance Fund in the amount of \$950,000 for Public Employees and \$1,000,000 for Public Officials. Both of these bonds are subject to deductibles based upon other required coverages.

**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

10 Allen Street, Suite 2B, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

The Honorable Mayor and Members of the
Township Committee
Township of Lakewood
Lakewood, New Jersey 08701

We have audited the financial statements and transactions of the Township of Lakewood in the County of Ocean for the year ended December 31, 2012. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

Scope of Audit

The audit covered the financial transactions of the Treasurer, Tax Collector, and the activities of the Mayor and Committee and the records of the various outside departments.

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

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

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

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

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

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

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

A test was conducted to determine that expenditures greater than \$5,400 obtained solicitation of quotes. No exceptions were noted.

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

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Township Committee.

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

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.I*).

Collection of Interest on Delinquent Taxes

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

The governing body on January 3, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Township of Lakewood, in the County of Ocean, State of New Jersey, that no interest be charged on any real property taxes if the current quarter is paid by the tenth of the middle month of the quarter in which it is due, and;

"BE IT FURTHER RESOLVED that the interest at the annual rate of eight (8%) percent per annum be added on the first \$1,500.00 of the tax delinquency; that eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00) in accordance with the statute in such case made and provided; and that six percent (6%) be added on any amount in excess of \$10,000 in interest and principal as of December 31, 2009 as an additional year-end charge.

Collection of Interest on Delinquent Taxes (continued):

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2012 include real estate taxes for 2012, 2011, 2010, 2009, 2008 and 2007.

The last tax sale was held on November 28, 2012.

Inspection of 2012 tax sale certificates on file revealed that all tax sale 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:

YEAR	NUMBER OF LIENS
2012	129
2011	172
2010	111

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. No deficiencies were noted.

Payroll Fund

The examination of the payroll fund included testing the detail computation of earnings and various deductions or other credits from the payroll of the Township employees and was in satisfactory condition.

***Finding 2012-01:**

The testing of employee payouts of compensated absence balances showed that amounts paid to employees in the police department differed from amounts recorded in the compensated absence tracking software. It was also determined that proper authorization, as required by the township internal controls, of payouts was not observed.

Payroll Fund (continued):**Recommendation:**

That all compensated absence balances be tracked and approved by the payroll department. Also, that payouts made reflect balances calculated and maintained by the payroll department.

Management's Response:

This will be corrected in 2013.

Municipal Court

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

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

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2011 with the governing body. The collection percentage was 96.25%.

Tax Collector***Finding 2012-02:**

Internal control procedures used to ensure that tax collections are correctly deposited and reported were not being followed. The internal control deficiencies observed included:

- The tax collector's monthly cash reports were not reconciled with actual cash deposits.
- Tax deposits into the bank were not made in a timely manner upon receipt of funds. State statute requires all municipal funds to be deposited within 48 hours of receipt.
- Municipal held lien tax billings were not being transferred into the tax title lien register.

Recommendation:

That all internal control procedures be observed to ensure that tax collections are correctly deposited and reported.

Management's Response:

This will be corrected in 2013.

Tax Collector (continued):

***Finding 2012-03:**

The analysis of tax overpayment balances maintained by the Collector's Office does not sufficiently reflect all transactions.

Recommendation

That an analysis of all tax overpayment transactions be maintained and reconciled on a monthly basis.

Management's Response:

This will be corrected in 2013.

***Finding 2012-04:**

The tax abatements are not being billed and collected accurately and timely per resolutions establishing billings.

Recommendation

That the tax abatements should be billed and collected accurately and timely per resolutions establishing billings.

Management's Response:

This will be corrected in 2013.

***Finding 2012-05:**

No bank reconciliation or analysis of balance for the third party tax title lien account or premium account has been maintained by the Township in the trust other fund.

Recommendation

That a bank reconciliation and analysis of third party lien account and premium account be maintained by the Township.

Management's Response:

This will be corrected in 2013.

***Prior Year Findings**

Follow-up of Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings except for the ones marked with an (*) asterisk above.

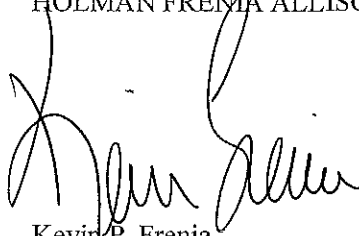
Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
No. CR 435

Medford, New Jersey
May 10, 2013