

**TOWNSHIP OF LAKEWOOD**

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2019**



**TOWNSHIP OF LAKEWOOD  
COUNTY OF OCEAN**

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**TOWNSHIP OF LAKEWOOD  
COUNTY OF OCEAN**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Council  
Township of Lakewood  
Lakewood, New Jersey

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Lakewood as of December 31, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

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

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

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended.

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

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, as of December 31, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2019 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**

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township’s basic financial statements. The supplemental schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of expenditures and federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB’s Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds and the schedules of expenditures of federal awards and state financial assistance are 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 October 19, 2020 on our consideration of the Township'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's internal control over financial reporting and compliance.

Respectfully submitted,

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

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

Toms River, New Jersey  
October 19, 2020

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

Honorable Mayor and Members  
of the Township Council  
Township of Lakewood  
Lakewood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Lakewood, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 19, 2020. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully Submitted,

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

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

Toms River, New Jersey  
October 19, 2020

## **BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	2019	2018
Regular Fund:			
Cash & Cash Equivalents	A-4	\$ 47,500,841	\$ 44,823,564
Cash - Change Fund	A	1,465	1,515
Due from State of New Jersey	A-10	134,154	114,011
Total Regular Fund		47,636,460	44,939,090
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	6,726,261	6,001,333
Tax Title Liens Receivable	A-7	638,165	568,020
Abatement Receivable	A-8	26,015	26,015
Property Acquired for Taxes	A-9	49,145,200	49,159,600
Revenue Accounts Receivable	A-11	397,595	268,972
Due from Federal & State Grant Fund	A-24	-	1,228,464
Total Receivable & Other Assets With Full Reserves		56,933,236	57,252,404
Deferred Charges:			
Special Emergency Authorizations	A-12	-	550,000
Total Deferred Charges		-	550,000
Total		104,569,696	102,741,494
Federal & State Grants:			
Due from Current Fund	A-26	1,154,432	-
Federal & State Grants Receivable	A-27	10,139,341	12,205,239
Total Federal & State Grants		11,293,773	12,205,239
Total Assets		\$ 115,863,469	\$ 114,946,733

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

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2019	2018
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 6,124,778	\$ 5,594,332
Reserve for Encumbrances	A-3	3,193,111	2,843,900
Accounts Payable	A-14	483,408	555,661
Prepaid Taxes	A-15	1,701,633	1,557,831
Tax Overpayments	A-16	3,639,349	3,251,094
County Taxes Payable	A-17	721,050	727,022
Due to State of New Jersey	A-21	65,948	40,932
Interfunds Payable	A-24	3,152,748	1,642,456
Deposits on Sale of Property	A-22	36,000	26,500
Due to Lakewood Housing	A-23	42	42
Special Emergency Notes Payable	A-25	-	550,000
Prepaid Tax Abatements	A	-	9,854
Various Reserves	A-20	3,992,057	3,364,290
		<u>23,110,124</u>	<u>20,163,914</u>
Total Liabilities			
Reserves for Receivables & Other Assets	A	56,933,236	57,252,404
Fund Balance	A-1	24,526,336	25,325,176
		<u>104,569,696</u>	<u>102,741,494</u>
Total Regular Fund			
State & Federal Grants:			
Due to Current Fund	A-27	-	1,228,464
Reserve for State & Federal Grants:			
Encumbered	A-28	1,397,752	1,484,787
Reserved	A-28	9,755,462	9,491,988
Unappropriated Reserves	A-29	140,559	-
		<u>11,293,773</u>	<u>12,205,239</u>
Total State & Federal Grants			
		<u>\$ 115,863,469</u>	<u>\$ 114,946,733</u>

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

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
STATEMENTS OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 19,000,745	\$ 19,197,668
Miscellaneous Revenue Anticipated	17,960,969	16,393,369
Receipts from Delinquent Taxes	5,865,507	5,239,117
Receipts from Current Taxes	216,715,559	204,376,133
Nonbudget Revenues	9,089,264	7,691,085
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	3,599,422	5,075,449
Cancellation of Grant Appropriated Reserve	268,592	984,155
Cancellation of Accounts Payable	84,393	43,645
Interfunds Returned	1,236,664	149,545
Total	<u>273,821,115</u>	<u>259,150,166</u>
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	34,795,392	32,965,903
Other Expenses	35,106,397	33,362,775
Deferred Charges & Statutory Expenditures	7,693,269	6,736,907
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	6,122,735	3,748,560
Capital Improvements	4,961,100	2,754,800
Municipal Debt Service	6,412,151	6,272,275
Deferred Charges	613,670	1,469,013
Transfer to Board of Education for Use of Local Schools	2,913,364	2,925,806
Local School District Taxes	104,466,984	100,009,269
County Taxes Payable	45,548,117	43,200,874
Fire District Taxes Payable	6,552,535	6,250,980
Cancellation of Grant Receivable Without Appropriation	-	952,334
Prior Year Senior Citizens' and Vets' Disallowed	23,833	33,041
Interfund Created	-	1,228,464
Adjustment of Prior Year Revenue	407,163	-
Refund of Prior Year Revenue	2,500	-
Total	<u>255,619,210</u>	<u>241,911,001</u>
Statutory Excess to Fund Balance	18,201,905	17,239,165
Fund Balance January 1,	A <u>25,325,176</u>	<u>27,283,679</u>
Total	43,527,081	44,522,844
Less: Amount of Fund Balance Utilized as Revenue	A-2 <u>19,000,745</u>	<u>19,197,668</u>
Fund Balance December 31,	A <u>\$ 24,526,336</u>	<u>\$ 25,325,176</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, 2019**

	ANTICIPATED			
	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Fund Balance Anticipated	\$ 19,000,745	\$ -	\$ 19,000,745	\$ -
Miscellaneous Revenues Anticipated:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	85,000	-	95,050	10,050
Other	120,000	-	106,627	(13,373)
Fees & Permits:				
Uniform Construction Code	2,195,239	-	2,765,097	569,858
Other	550,000	-	571,668	21,668
Fines & Costs - Municipal Court	695,000	-	753,484	58,484
Interest & Costs on Taxes	900,000	-	1,256,020	356,020
Police Identification Fees	20,000	-	21,739	1,739
Payment in Lieu of Taxes:				
Sons of Israel	97,406	-	97,406	-
Consolidated Municipal Property Tax Relief	31,094	-	31,094	-
Energy Receipts Tax	5,126,513	-	5,126,513	-
Tax Abatement Program Revenues	167,000	-	699,934	532,934
Emergency Medical Services	950,000	-	1,035,667	85,667
Recycling Revenues from County	25,000	-	-	(25,000)
General Capital Fund Balance	200,000	-	200,000	-
Municipal Hotel & Occupancy Tax	130,000	-	157,144	27,144
Police Off-Duty Funds	400,000	-	450,808	50,808
Cell Tower Lease	91,000	-	124,459	33,459
Cable TV Franchise Fees	160,182	-	160,182	-
Subtotal Local Revenues	11,943,434	-	13,652,892	1,709,458
Federal, State & Local Grants:				
Alcohol Education/Rehabilitation Grant	-	10,047	10,047	-
CJHIF - Wellness Grant Program	-	17,000	17,000	-
Community Development Block Grant - PL 984	-	1,047,682	1,047,682	-
NJDOT - Runway 6 RSA Safety Improvement Phase II	-	175,856	175,856	-
NJDOT - Runway 6 RSA Safety Improvement	-	497,399	497,399	-
NJDOT 2019 Local Freight Impact Fund	-	1,000,000	1,000,000	-
NJDOT Municipal Aid Program	-	501,375	501,375	-
Recycling Tonnage Grant	140,559	-	140,559	-
Body Armor Replacement	-	13,513	13,513	-
Edward Byrne Memorial Justice Grant 2018	18,445	-	18,445	-
Edward Byrne Memorial Justice Grant 2017	15,138	-	15,138	-
Safe & Secure Communities Program	60,000	-	60,000	-
Urban Enterprise Zone:				
SCF Project Revolving Loan Program	-	193,300	193,300	-
Business Attraction Initiative 8	-	25,000	25,000	-
Business to Business Networking - Year 5	-	17,000	17,000	-
Management and Administration Grant - 2020	320,000	-	320,000	-
Enterprise Zone Advertising & Marketing	-	131,000	131,000	-
NJ DEP Solid Waste Administration	-	124,763	124,763	-
Total Miscellaneous Revenue	12,497,576	3,753,935	17,960,969	1,709,458
Receipts From Delinquent Taxes	5,600,000	-	5,865,507	265,507
Amount to be Raised by Taxes	64,583,434	-	66,965,534	2,382,100
Nonbudget Revenues	-	-	9,089,264	9,089,264
Total	\$ 101,681,755	\$ 3,753,935	\$ 118,882,019	\$ 13,446,329

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, 2019**

**ANALYSIS OF REALIZED REVENUE**

Allocation of Current Tax Collections:	
Revenue From Collection	\$ 216,715,559
Net Revenue from Collections	216,715,559
Allocated to School, County & Fire District Taxes	<u>156,567,636</u>
Balance for Support of Municipal Budget Appropriations	60,147,923
Add: Reserve for Uncollected Taxes	<u>6,817,611</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 66,965,534</u>
Analysis of Delinquent Taxes:	
Tax Title Liens	\$ 48,279
Sale of Foreclosed Property	-
Delinquent Taxes	<u>5,817,228</u>
Total Receipts From Delinquent Taxes	<u>\$ 5,865,507</u>

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:	
Oak Street District Funds	\$ 915,065
Liquor License Bid	177,650
Urban Renewal Pilot	264,702
Auction Proceeds	53,015
PILOT	225,715
Interest on Investments & Deposits	865,503
Lakewood Fire District - Fuel Reimbursement	24,026
Lakewood Board of Ed. - Fuel Usage Reimbursement	188,793
Lakewood MUA - Fuel Usage Reimbursement	19,931
Ocean County HIF Dividend	4,500,000
Ocean County JIF Dividend	77,291
Ocean County JIF Reimbursement	183,551
Lease of Municipal Property	30,114
Miscellaneous	482,008
Sale of Municipal Property	<u>1,076,710</u>
Subtotal Cash Receipts	9,084,074
Sale of Municipal Property - Reserve Realized	<u>5,190</u>
Total Miscellaneous Revenue Not Anticipated	<u>\$ 9,089,264</u>

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
GENERAL GOVERNMENT FUNCTIONS:						
Administrative & Executive:						
Office of the Manager						
Salaries and Wages	\$ 721,183	\$ 721,183	\$ 721,183	\$ -	\$ -	\$ -
Other Expenses	21,800	21,800	13,272	967	7,561	-
Governing Body:						
Salaries and Wages	190,000	190,000	185,873	-	4,127	-
Other Expenses	141,000	141,000	88,167	10,980	41,853	-
Department of Human Resources:						
Salaries and Wages	281,500	281,500	274,261	-	7,239	-
Other Expenses	57,250	57,250	48,899	1,360	6,991	-
Office of the Clerk:						
Salaries and Wages	315,500	315,500	313,819	-	1,681	-
Other Expenses	60,250	60,250	38,558	10,343	11,349	-
Purchasing Department:						
Salaries and Wages	151,264	151,264	149,418	-	1,846	-
Other Expenses	210,300	210,300	153,877	29,663	26,760	-
Municipal Support Services:						
Other Expenses	50,000	50,000	50,000	-	-	-
Financial Administration						
Salaries and Wages	285,020	285,020	285,020	-	-	-
Other Expenses	71,200	71,200	31,820	230	39,150	-
Audit Services:						
Other Expenses	70,000	70,000	500	-	69,500	-
Computer Center:						
Salaries and Wages	115,964	111,964	89,049	-	22,915	-
Other Expenses	309,000	309,000	218,241	55,115	35,644	-
Collection of Taxes:						
Salaries and Wages	321,500	321,500	304,905	-	16,595	-
Other Expenses	86,500	86,500	59,582	2,654	24,264	-
Assessment of Taxes:						
Salaries and Wages	477,000	477,000	412,959	-	64,041	-
Other Expenses	338,490	338,490	248,579	3,848	86,063	-
Liquidation of Tax Liens & Foreclosed Property:						
Other Expenses	19,000	19,000	206	-	18,794	-
Legal Services & Costs:						
Other Expenses	800,000	800,000	665,085	27,300	107,615	-
Engineering Services & Costs:						
Other Expenses	1,350,000	1,445,000	1,005,904	427,489	11,607	-
Department of Economic Development:						
Salaries and Wages	199,200	199,200	166,623	-	32,577	-
Other Expenses	18,000	18,000	2,761	-	15,239	-
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	3,300	3,300	-	-	3,300	-
Veterans Advisory Committee:						
Other Expenses	30,000	30,000	30,000	-	-	-
LAND USE ADMINISTRATION:						
Planning Board:						
Other Expenses	64,400	64,400	40,527	3,134	20,739	-
Zoning Board:						
Other Expenses	67,750	67,750	25,565	2,259	39,926	-
PUBLIC SAFETY FUNCTIONS:						
Police:						
Salaries and Wages	19,879,887	19,879,887	19,529,888	-	349,999	-
Other Expenses	1,229,546	1,229,546	644,092	527,375	58,079	-
Emergency Management Services:						
Salaries and Wages	65,000	65,000	60,000	-	5,000	-
Other Expenses	65,000	65,000	24,689	39,944	367	-
Emergency Medical Technicians:						
Salaries and Wages	987,114	1,001,114	1,000,815	-	299	-
Other Expenses	112,865	112,865	80,574	29,446	2,845	-
Municipal Prosecutor:						
Other Expenses	95,000	95,000	61,228	5,053	28,719	-

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, 2019**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
PUBLIC WORKS FUNCTION:						
Road Repairs & Maintenance:						
Salaries and Wages	1,238,104	1,238,104	700,029	-	538,075	-
Other Expenses	538,000	538,000	267,961	54,916	215,123	-
Street Cleaning:						
Salaries and Wages	153,644	138,644	95,465	-	43,179	-
Other Expenses	31,000	31,000	18,253	3,946	8,801	-
Snow Removal	600,000	866,500	795,698	70,802	-	-
Department of Public Works:						
Salaries and Wages	844,555	844,555	790,959	-	53,596	-
Other Expenses	757,000	524,000	362,607	20,357	141,036	-
Shade Tree Commission:						
Salaries and Wages	106,068	102,068	71,891	-	30,177	-
Other Expenses	9,000	9,000	6,087	2,488	425	-
Cross Street Landfill Maintenance:						
Other Expenses	5,000	5,000	2,773	-	2,227	-
Garbage & Trash Removal:						
Salaries and Wages	1,734,987	1,794,987	1,785,564	-	9,423	-
Other Expenses	355,500	355,500	279,504	44,126	31,870	-
Recycling:						
Salaries and Wages	1,200,456	1,078,256	994,973	-	83,283	-
Other Expenses	145,200	145,200	122,050	15,733	7,417	-
Public Buildings & Grounds:						
Salaries and Wages	595,845	611,845	606,366	-	5,479	-
Other Expenses	286,500	286,500	173,983	106,267	6,250	-
Apartment Trash Reimbursements:						
Other Expenses	640,000	640,000	97,231	18,035	524,734	-
Automotive Mechanics:						
Salaries and Wages	1,075,968	1,031,968	958,888	-	73,080	-
Municipal Garage:						
Other Expenses	332,000	332,000	275,887	34,802	21,311	-
Community Services Act:						
Other Expenses	1,400,000	1,400,000	229,985	68,400	1,101,615	-
MUNICIPAL COURT FUNCTIONS:						
Municipal Court:						
Salaries and Wages	518,400	518,400	498,058	-	20,342	-
Other Expenses	123,200	127,700	106,147	7,593	13,960	-
Public Defender:						
Other Expenses	55,000	55,000	45,817	-	9,183	-
HEALTH & HUMAN SERVICES FUNCTIONS:						
Board of Health:						
Salaries and Wages	80,326	80,326	75,438	-	4,888	-
Other Expenses	2,725	2,725	1,499	441	785	-
Environmental Commission (N.J.S. 40:56-A-1, et seq.):						
Other Expenses	2,000	2,000	-	-	2,000	-
Animal Control						
Salaries and Wages	190,505	190,505	159,625	-	30,880	-
Other Expenses	75,000	90,000	72,900	16,224	876	-
Relocation Assistance Program						
Other Expenses	7,500	7,500	-	-	7,500	-
Senior & Social Services:						
Salaries and Wages	78,700	78,700	78,637	-	63	-
Other Expenses	375,500	375,500	375,174	37	289	-
Solutions to End Poverty (N.J.S.A. 40:23-8.19)	120,000	120,000	120,000	-	-	-
Lakewood Search and Rescue (N.J.S.A. 40:5.2)	24,000	24,000	24,000	-	-	-
Lakewood Community Services Corporation (N.J.S.A. 40:23-8.17)	50,000	50,000	50,000	-	-	-
PARKS & RECREATION FUNCTIONS:						
Recreation:						
Salaries and Wages	252,671	232,671	155,283	-	77,388	-
Other Expenses	36,500	36,500	28,478	5,592	2,430	-
Community Center:						
Salaries and Wages	116,656	116,656	83,382	-	33,274	-
Other Expenses	21,050	21,050	4,928	106	16,016	-
Parks & Playgrounds:						
Salaries and Wages	863,006	848,006	783,056	-	64,950	-
Other Expenses	166,500	166,500	116,535	41,659	8,306	-

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
<b>OTHER COMMON OPERATING FUNCTIONS:</b>						
Accumulated Leave Compensation	250,000	302,000	302,000	-	-	-
Celebration of Public Events:						
Other Expenses	15,000	15,000	12,000	-	3,000	-
Transfer to Lakewood Airport Authority	90,000	90,000	29,366	285	60,349	-
Lakewood Public Transportation						
Salaries and Wages	470,167	502,167	496,470	-	5,697	-
Other Expenses	370,000	214,700	67,968	3,511	143,221	-
<b>CODE ENFORCEMENT &amp; ADMINISTRATION:</b>						
State Uniform Construction Code Officials:						
Salaries and Wages	1,891,939	1,891,939	1,645,106	-	246,833	-
Other Expenses	303,300	303,300	170,235	20,435	112,630	-
Property Maintenance Code:						
Salaries and Wages	53,363	54,863	54,863	-	-	-
<b>INSURANCE:</b>						
Liability Insurance	956,242	956,242	948,742	-	7,500	-
Workers Compensation Insurance	1,039,553	1,039,553	1,039,553	-	-	-
Group Insurance Plan for Employees	12,820,644	12,820,644	12,669,946	3,347	147,351	-
Health Insurance Waivers	300,000	300,000	281,408	-	18,592	-
<b>UTILITY EXPENSES &amp; BULK PURCHASES:</b>						
Electricity	452,500	452,500	387,873	39,958	24,669	-
Street Lighting	1,326,000	1,326,000	696,890	569,880	59,230	-
Telephone	208,000	208,000	127,026	11,383	69,591	-
Water	64,250	64,250	51,874	2,379	9,997	-
Natural Gas	120,000	120,000	57,086	5,769	57,145	-
Gasoline	1,232,000	1,232,000	867,404	97,061	267,535	-
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS:</b>						
Landfill Disposal Costs	3,511,232	3,511,232	3,511,232	-	-	-
Total Operations Within CAPS	69,945,789	69,889,789	61,858,092	2,442,692	5,589,005	-
Contingent	12,000	12,000	2,000	-	10,000	-
Total Operations Including Contingent Within "CAPS"	69,957,789	69,901,789	61,860,092	2,442,692	5,599,005	-
Detail:						
Salaries and Wages	34,896,092	34,795,392	33,008,345	-	1,787,047	-
Other Expenses	35,061,697	35,106,397	28,851,747	2,442,692	3,811,958	-
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES WITHIN CAPS:</b>						
<b>Statutory Expenditures:</b>						
Contributions to Employees Retirement System	1,733,747	1,733,747	1,733,747	-	-	-
Social Security System (O.A.S.I.)	1,572,000	1,628,000	1,624,783	-	3,217	-
NJ Police & Fireman's Retirement System	4,314,222	4,314,222	4,314,222	-	-	-
Volunteer Firemen's Widow Pension						
R.S.43:12-28.2	4,800	4,800	4,800	-	-	-
Defined Contribution Retirement Program	12,500	12,500	11,914	-	586	-
Deferred Charges & Statutory Expenditures Within CAPS	7,637,269	7,693,269	7,689,466	-	3,803	-
Total Appropriations Within CAPS	77,595,058	77,595,058	69,549,558	2,442,692	5,602,808	-
<b>OPERATIONS - EXCLUDED FROM CAPS</b>						
Recycling Tax:						
Other Expenses	148,209	148,209	148,209	-	-	-
SMFP Fire District Payments	47,327	47,327	47,327	-	-	-
CAP Waiver Approved by LFB						
Road Repair & Maintenance						
Salaries and Wages	1,029,231	1,029,231	1,029,231	-	-	-
Police						
Salaries and Wages	278,193	278,193	278,193	-	-	-
Total Operations Excluded from "CAPS"	1,502,960	1,502,960	1,502,960	-	-	-

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, 2019**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<b>Public &amp; Private Programs Offset by Revenues:</b>						
Alcohol Education/Rehabilitation Grant	-	10,047	10,047	-	-	-
Clean Communities Program	-	124,763	124,763	-	-	-
CJHIF - 2019 Wellness Grant Program	-	17,000	17,000	-	-	-
Community Development Block Grant #B-19-MC-34-0128	-	1,047,682	1,047,682	-	-	-
Body Armor Fund	-	13,513	13,513	-	-	-
Edward Byrne Memorial Justice Grant 2018	18,445	18,445	18,445	-	-	-
Edward Byrne Memorial Justice Grant 2018	15,138	15,138	15,138	-	-	-
NJDOT - Runway 6 Safety Improvements	-	673,255	673,255	-	-	-
NJDOT - Local freight Impact Fund	-	1,000,000	1,000,000	-	-	-
NJDOT - 2019 Municipal Aid Program RT 88 Pedestrian Safety	-	501,375	501,375	-	-	-
Safe & Secure Communities Program:						
State Share	60,000	60,000	60,000	-	-	-
Local Share	281,698	281,698	281,698	-	-	-
Recycling Tonnage Grant	140,559	140,559	140,559	-	-	-
Urban Enterprise Zone:						
Revolving Loan Program 2019-2021	-	193,300	193,300	-	-	-
Business Assistance Initiative 8	-	25,000	25,000	-	-	-
Business to Business Networking - Year 5	-	17,000	17,000	-	-	-
2019-3 SCF Urban Enterprise Zone Advertising Marketing	-	131,000	131,000	-	-	-
Project Management and Administration	320,000	320,000	320,000	-	-	-
Matching Funds for Grants	30,000	30,000	9,000	-	21,000	-
<b>Total Public &amp; Private Programs Offset by Revenues</b>	<b>865,840</b>	<b>4,619,775</b>	<b>4,598,775</b>	<b>-</b>	<b>21,000</b>	<b>-</b>
<b>Capital Improvements - Excluded from "CAPS":</b>						
Capital Improvement Fund	350,000	350,000	350,000	-	-	-
Purchase of Street Sweeper	280,000	280,000	278,401	-	1,599	-
Refurbish/Replace Playground Equipment	750,000	750,000	483,030	185,772	81,198	-
EMT First Responder Vehicle	38,500	38,500	-	-	38,500	-
Construction Office Furniture	22,000	22,000	-	-	22,000	-
Purchase of Six Recycling Trucks	2,000,000	2,000,000	1,997,217	-	2,783	-
Renovations to Municipal Register	13,900	13,900	9,513	3,039	1,348	-
Construction Code Enforcement Vehicle	115,500	115,500	78,465	-	37,035	-
Refurbish Trash Truck	260,000	260,000	-	259,556	444	-
Pothole repair Trailer	40,000	40,000	40,000	-	-	-
Purchases DPW Vehicle & Plow	75,000	75,000	75,000	-	-	-
Purchase of Two Ambulances	242,000	242,000	-	241,956	44	-
Purchases DPW Front Loader Containers	40,000	40,000	34,295	-	5,705	-
Purchase Garbage/Recycle Containers	235,000	235,000	234,955	-	45	-
Computer Software/Hardware Upgrades	499,200	499,200	128,835	60,096	310,269	-
<b>Total Capital Improvements - Excluded from CAPS</b>	<b>4,961,100</b>	<b>4,961,100</b>	<b>3,709,711</b>	<b>750,419</b>	<b>500,970</b>	<b>-</b>
<b>Municipal Debt Service - Excluded from "CAPS":</b>						
Payment of Bond Principal	3,915,000	3,915,000	3,915,000	-	-	-
Payment of Bond Anticipation Notes	800,000	800,000	800,000	-	-	-
Interest on Bonds	1,301,407	1,301,407	1,301,406	-	-	1
Interest on Notes	395,745	395,745	395,745	-	-	-
<b>Total Municipal Debt Service - Excluded from CAPS</b>	<b>6,412,152</b>	<b>6,412,152</b>	<b>6,412,151</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Deferred Charges - Excluded from "CAPS":</b>						
Emergency Authorizations	550,000	550,000	550,000	-	-	-
Ordinance #99-38/07-35 - Various Capital Improvements	941	941	941	-	-	-
Ordinance #09-65 - Various Capital Improvements	26,855	26,855	26,855	-	-	-
Ordinance #13-73 - Various Capital Improvements	34,753	34,753	34,753	-	-	-
Ordinance #05-88 - Various Capital Improvements	1,121	1,121	1,121	-	-	-
<b>Total Deferred Charges - Municipal - Excluded from CAPS:</b>	<b>613,670</b>	<b>613,670</b>	<b>613,670</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Transferred to Board of Education for Use of Local Schools	2,913,364	2,913,364	2,913,364	-	-	-
Total General Appropriations Excluded from CAPS	17,269,086	21,023,021	19,750,631	750,419	521,970	1
Subtotal General Appropriations	94,864,144	98,618,079	89,300,189	3,193,111	6,124,778	1
Reserve For Uncollected Taxes	6,817,611	6,817,611	6,817,611	-	-	-
Total General Appropriations	<u>\$ 101,681,755</u>	<u>\$ 105,435,690</u>	<u>\$ 96,117,800</u>	<u>\$ 3,193,111</u>	<u>\$ 6,124,778</u>	<u>\$ 1</u>
Budget		\$ 101,681,755				
Added by N.J.A. 40A:4-87		<u>3,753,935</u>				
Total		<u>\$ 105,435,690</u>				
Disbursements			\$ 84,946,601			
Refunds of Current Year Appropriations			(786,187)			
Appropriated Reserves for Federal & State Grants			4,589,775			
Deferred Charges			550,000			
Reserve for Uncollected Taxes			<u>6,817,611</u>			
Total			<u>\$ 96,117,800</u>			

**TOWNSHIP OF LAKEWOOD  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	<u>2019</u>	<u>2018</u>
Animal Control Trust Fund:			
Due from State of New Jersey	B-5	\$ 358	\$ 316
Interfund - Current Fund	B-4	<u>21,661</u>	<u>22,435</u>
Total Animal Control Fund		<u>22,019</u>	<u>22,751</u>
Grant Trust Fund:			
Cash	B-1	<u>207,627</u>	<u>203,946</u>
General Trust Fund:			
Cash & Cash Equivalents	B-1	17,065,642	13,943,796
Investments	B-2	524,598	509,421
Interfund - Current Fund	B-7	<u>1,976,655</u>	<u>1,620,021</u>
Total General Trust Fund		<u>19,566,895</u>	<u>16,073,238</u>
Total Assets		<u><u>\$ 19,796,541</u></u>	<u><u>\$ 16,299,935</u></u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-3	<u>\$ 22,019</u>	<u>\$ 22,751</u>
Total Animal Control Fund		<u>22,019</u>	<u>22,751</u>
Grant Trust Fund:			
Reserve for Revolving Loan Grant	B-6	<u>207,627</u>	<u>203,946</u>
General Trust Fund:			
Various Reserves	B-8	<u>19,566,895</u>	<u>16,073,238</u>
Total General Trust Fund		<u>19,566,895</u>	<u>16,073,238</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 19,796,541</u></u>	<u><u>\$ 16,299,935</u></u>

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

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	<u>2019</u>	<u>2018</u>
Cash & Cash Equivalents	C-2	\$ 5,979,072	\$ 9,276,129
Deferred Charges to Future Taxation:			
Funded	C-4	33,330,000	37,245,000
Unfunded	C-5	<u>23,945,994</u>	<u>18,164,187</u>
Total Assets		<u><u>\$ 63,255,066</u></u>	<u><u>\$ 64,685,316</u></u>
 LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Encumbered	C-6	\$ 4,555,005	\$ 4,343,684
Funded	C-6	494,662	709,028
Unfunded	C-6	10,098,616	7,906,325
Serial Bonds	C-7	33,330,000	37,245,000
Bond Anticipation Notes	C-8	14,400,000	14,000,000
Capital Improvement Fund	C-9	144,476	144,476
Reserve for Improvements	C-10	9,716	9,716
Reserve for Renewal & Replacement	C-11	101,356	101,356
Fund Balance	C-1	<u>121,235</u>	<u>225,731</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 63,255,066</u></u>	<u><u>\$ 64,685,316</u></u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$ 9,545,994 and on December 31, 2018 was \$4,164,187.

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 225,731
Increased by:		
Premium on Bond Anticipation Notes	\$ 95,040	
Cancellation of Funded Improvement Authorization	464	95,504
		<hr/>
Subtotal		321,235
Decreased by:		
Appropriated to Finance 2019 Budget Revenues		200,000
		<hr/>
Balance December 31, 2019		<u><u>\$ 121,235</u></u>

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

**TOWNSHIP OF LAKEWOOD  
PAYROLL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	<u>\$ 525,343</u>	<u>\$ 536,446</u>
Total Assets	<u><u>\$ 525,343</u></u>	<u><u>\$ 536,446</u></u>
<b>LIABILITIES &amp; RESERVES</b>		
Payroll Reserve	\$ 108,917	\$ 82,256
Due to Various Agencies	<u>416,426</u>	<u>454,190</u>
Total Liabilities & Reserves	<u><u>\$ 525,343</u></u>	<u><u>\$ 536,446</u></u>

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

**TOWNSHIP OF LAKEWOOD  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENTS OF FIXED ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

ASSETS	<u>2019</u>	<u>2018</u>
General Fixed Assets:		
Land	\$ 6,989,500	\$ 6,989,500
Buildings	25,225,305	25,225,305
Furniture & Fixtures, Equipment & Vehicles	<u>22,245,486</u>	<u>20,197,178</u>
 Total	 <u><u>\$ 54,460,291</u></u>	 <u><u>\$ 52,411,983</u></u>
 FUND BALANCE		
Total Investment in General Fixed Assets	<u><u>\$ 54,460,291</u></u>	<u><u>\$ 52,411,983</u></u>

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

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**TOWNSHIP OF LAKEWOOD  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**Description of Financial Reporting Entity**

The Township of Lakewood, County of Ocean, New Jersey (hereafter referred to as the “Township” 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.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Township 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 further in this note.

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

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**Payroll Fund** – This fund accounts for the receipts and disbursements of funds used to meet obligations to employees and payroll tax liabilities.

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body must 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 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. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

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

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

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

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

**Inventories and Supplies** - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

**Foreclosed property** – Foreclosed Property or "Property Acquired for Taxes" 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 Township 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.

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

**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 Township of Lakewood School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**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<sup>th</sup> 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<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Township of Lakewood School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district July 1 to June 30.

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

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

**Expenditures** – 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 an 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 interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and 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** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township’s financial statements.

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2019:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following effective dates have been updated to reflect the implementation of Statement No. 95.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management does not expect this Statement to have a material impact on the Township’s financial statements.

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the Township's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. This statement had no material impact on the Township's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the Township's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations;



**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the Township's financial statements.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2019, the Township's bank balance of \$74,254,359 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 56,088,298
NJ Cash Management Fund	176
Uninsured and Uncollateralized	<u>18,165,885</u>
	<u><u>\$ 74,254,359</u></u>

**Investments**

**Fair Value Measurement** – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township's fair value, hierarchy level and maturities of its investments at December 31, 2019 would be as followed:

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 2. Deposits and Investments (continued):**

	Carrying Value	Fair Value as of December 31, 2019 <u>Level 1</u>	Investment Maturities (in Years)		
			Less Than <u>1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Investment type</u>					
U.S. Treasury Securities	\$ 521,306	\$ 521,306	\$ 112,072	\$ 198,732	\$ 210,502
Money Markets	3,292	3,292	3,292	-	-
	<u>\$ 524,598</u>	<u>\$ 524,598</u>	<u>\$ 115,364</u>	<u>\$ 198,732</u>	<u>\$ 210,502</u>
<u>Fund</u>					
Trust Fund - Other	\$ 524,598	\$ 524,598	\$ 115,364	\$ 198,732	\$ 210,502
	<u>\$ 524,598</u>	<u>\$ 524,598</u>	<u>\$ 115,364</u>	<u>\$ 198,732</u>	<u>\$ 210,502</u>

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As of December 31, 2019, the Township's investments had the following ratings:

	<u>Standard &amp; Poor's</u>	<u>Moody's</u>
<u>Investment type</u>		
Money Markets	AAA	Aaa
U.S. Treasury Securities	AAA	Aaa

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Township's investment policies place no limit in the amount the Township may invest in any one issuer. More than 5% of the Township's investments are in US Treasury Notes and Mutual Funds. These investments represent 100% of the Township's total investments.

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 3. Property Taxes**

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

**Comparison Schedule of Tax Rates**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 2.186</u>	<u>\$ 2.098</u>	<u>\$ 2.052</u>
Apportionment of Tax Rate:			
Municipal	0.640	0.592	0.592
County General	0.445	0.430	0.407
Local School	1.036	1.012	1.004
Fire District	0.065	0.064	0.049

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2019	\$ 10,087,569,700
2018	9,883,399,257
2017	9,677,307,895

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$ 224,055,500	\$ 216,715,559	96.72%
2018	210,906,420	204,376,133	96.90%
2017	202,268,811	196,086,276	96.94%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2019	\$ 638,165	\$ 6,726,261	\$ 7,364,426	3.29%
2018	568,020	6,001,333	6,569,353	3.11%
2017	595,619	5,466,225	6,061,844	3.00%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2019	179
2018	176
2017	177

The last tax sale was held on October 9, 2019.

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 4. Property Acquired By Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2019	\$ 49,145,200
2018	49,159,600
2017	50,008,900

**Note 5. Fund Balances Appropriated**

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2019	\$ 24,526,336	\$ 19,000,000	77.47%
2018	25,325,176	19,000,745	75.03%
2017	27,283,679	19,197,668	70.36%

**Note 6. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2019:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ -	\$ 3,152,748
State and Federal Grant Fund	1,154,432	-
Animal Control Trust	21,661	-
Trust Other Fund	1,976,655	-
	<u>\$ 3,152,748</u>	<u>\$ 3,152,748</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 6. Interfund Receivables, Payables and Transfers (continued):**

Fund	Transfers In	Transfers Out
Current Fund	\$ 7,665,976	\$ 4,927,130
State and Federal Grant Fund	4,443,122	6,826,018
Animal Control Trust	13,894	13,210
Trust Other Fund	470,114	826,748
	<u>\$ 12,593,106</u>	<u>\$ 12,593,106</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**Note 7. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2019.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Buildings and Improvements	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	20,197,178	2,882,173	833,865	22,245,486
	<u>\$ 52,411,983</u>	<u>\$ 2,882,173</u>	<u>\$ 833,865</u>	<u>\$ 54,460,291</u>

**Note 8. Pension Obligations**

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

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

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

The following represents the membership tiers for PERS:

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Township's contractually required contribution to PERS plan was \$1,751,690.

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

**Components of Net Pension Liability** - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$32,448,463. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Township's proportion measured as of June 30, 2019, was 0.1800843231% which was an increase of 0.0127195231% from its proportion measured as of June 30, 2018.

**Balances at December 31, 2019 and December 31, 2018**

	<u>12/31/2019</u>	<u>12/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 9,210,913	\$ 10,170,173
Deferred Inflows of Resources	11,963,262	11,119,205
Net Pension Liability	32,448,463	32,953,294
Township's portion of the Plan's total Net Pension Liability	0.18008%	0.16736%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2019, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$3,050,179. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,751,690 to the plan in 2019.

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 582,407	\$ 143,343
Changes of Assumptions	3,240,098	11,262,759
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	512,212
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>5,388,408</u>	<u>44,948</u>
	<u>\$ 9,210,913</u>	<u>\$ 11,963,262</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:



**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending <u>Dec 31.</u>	<u>Amount</u>
2020	\$ 76,610
2021	(154,971)
2022	(2,445,741)
2023	(213,521)
2024	(14,726)
	<u>\$ (2,752,349)</u>

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	<b>1% Decrease (5.28%)</b>	<b>Current Discount Rate (6.28%)</b>	<b>1% Increase (7.28%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 41,272,821	\$ 32,448,463	\$ 25,428,639

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

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

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

The following represents the membership tiers for PFRS:

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

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

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

**Basis of Presentation** - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2019, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Township's contractually required contributions to PFRS plan was \$4,328,488.

**Net Pension Liability and Pension Expense** - At December 31, 2019 the Township's proportionate share of the PFRS net pension liability was \$52,441,042. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Township's proportion measured as of June 30, 2019, was 0.4285162454%, which was an increase of 0.0067400219% from its proportion measured as of June 30, 2018.

**Balances at December 31, 2019 and December 31, 2018**

	<u>12/31/2019</u>	<u>12/31/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 4,951,138	\$ 7,953,351
Deferred Inflows of Resources	18,108,215	15,439,716
Net Pension Liability	52,441,042	57,073,276
Township's portion of the Plan's total net pension Liability	0.42852%	0.42178%

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2019, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2019 measurement date was \$5,516,608. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$4,328,488 to the plan in 2019.

At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 442,670	\$ 332,014
Changes of Assumptions	1,796,916	16,948,464
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	710,559
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>2,711,552</u>	<u>117,178</u>
	<u>\$ 4,951,138</u>	<u>\$ 18,108,215</u>

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

<b>Year Ending</b>	
<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>
2020	\$ (3,314,421)
2021	(3,801,538)
2022	(3,332,085)
2023	(1,835,518)
2024	<u>(873,515)</u>
	<u>\$ (13,157,077)</u>

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

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Township is \$8,280,540 as of December 31, 2019. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2019 was 0.4285162454%, which was an increase of 0.0067400219% from its proportion measured as of June 30, 2018, which is the same proportion as the Township's. At December 31, 2019, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 52,441,042
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>8,280,540</u>
	<u>\$ 60,721,582</u>



**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

At December 31, 2019, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2019 measurement date was \$962,131.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 15.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2013 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Pension Obligations (continued):**

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

	<b>1% Decrease (<u>5.85%</u>)</b>	<b>Current Discount Rate (<u>6.85%</u>)</b>	<b>1% Increase (<u>7.85%</u>)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 70,881,179	\$ 52,441,042	\$ 37,179,172
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>11,192,273</u>	<u>8,280,540</u>	<u>5,870,662</u>
	<u>\$ 82,073,452</u>	<u>\$ 60,721,582</u>	<u>\$ 43,049,834</u>

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

**Note 9. Municipal Debt**

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 47,730,000	\$ 51,245,000	\$ 49,620,000
Total Debt Issued	<u>47,730,000</u>	<u>51,245,000</u>	<u>49,620,000</u>
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	<u>9,545,994</u>	<u>4,164,187</u>	<u>4,681,437</u>
Total Authorized But Not Issued	<u>9,545,994</u>	<u>4,164,187</u>	<u>4,681,437</u>
<b>Total Gross Debt</b>	<u>\$ 57,275,994</u>	<u>\$ 55,409,187</u>	<u>\$ 54,301,437</u>
<b>Deductions:</b>			
General:			
Bonds per N.J.S.A.40A:2-52	<u>215,000</u>	<u>365,000</u>	<u>500,000</u>
<b>Total Net Debt</b>	<u>\$ 57,060,994</u>	<u>\$ 55,044,187</u>	<u>\$ 53,801,437</u>

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Municipal Debt (continued):**

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 29,395,000	\$ 29,395,000	\$ -
General Debt	57,275,994	215,000	57,060,994
Total	<u>\$ 86,670,994</u>	<u>\$ 29,610,000</u>	<u>\$ 57,060,994</u>

Net Debt \$57,060,994 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$10,851,448,491, equals 0.526%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2019 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 379,800,697
Net Debt	<u>57,060,994</u>
Remaining Borrowing Power	<u>\$ 322,739,703</u>

**General Debt**

**A. Serial Bonds Payable**

Total principal and interest due on all the outstanding bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,950,000	1,178,300	\$ 5,128,300
2021	3,655,000	1,066,238	4,721,238
2022	3,580,000	955,044	4,535,044
2023	3,575,000	815,006	4,390,006
2024	3,545,000	698,069	4,243,069
2025-2029	13,120,000	1,591,394	14,711,394
2030-2031	1,905,000	96,019	2,001,019
	<u>\$ 33,330,000</u>	<u>\$ 6,400,070</u>	<u>\$ 39,730,070</u>

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Municipal Debt (continued):**

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2019:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2019</u>
Series 2019A-1	6/27/2019	6/26/2020	2.250%	<u>\$ 14,400,000</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2019, the Township had \$9,545,994 in various General Capital bonds and notes authorized but not issued.

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Township is as follows:

	<u>Balance December 31, 2018</u>	<u>Accrued/ Increases</u>	<u>Retired/ Decreases</u>	<u>Balance December 31, 2019</u>	<u>Balance Due Within One Year</u>
General Capital:					
General Bonds	\$ 37,245,000	\$ -	\$ 3,915,000	\$ 33,330,000	\$ 3,950,000
Bond Anticipation Notes	14,000,000	14,400,000	14,000,000	14,400,000	14,400,000
	<u>\$ 51,245,000</u>	<u>\$ 14,400,000</u>	<u>\$ 17,915,000</u>	<u>\$ 47,730,000</u>	<u>\$ 18,350,000</u>

**Note 10. 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 the Division 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 benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Accrued Sick, Vacation and Compensation Time**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$6,288,467 at December 31, 2019.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2019, the Township has reserved in the Other Trust Fund \$138,404 to fund compensated absences in accordance with NJSA 40A:4-39.

**Note 12. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Joint Insurance Pool**

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 2019, 2018 and 2017.

**New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed 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 unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 9,280	\$ 6,323	\$ 255,725
2018	3,592	\$ 42,409	252,768
2017	250,877	41,054	291,585

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 13. Contingencies**

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2019 the Township estimates that no material liabilities will result from such audits.

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.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2019.

**Note 14. Tax Abatements**

The Township is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A. 55:14K-1 et seq. (hereinafter "HMFA Law"), and a Resolution of the Council dated March 13, 2007, to enter into property tax abatement agreements for the purpose of attracting affordable housing. The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years.

For the year ended December 31, 2019, the Township abated property taxes totaling \$712,547 under this program, including the following tax abatement agreement that exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

<b>Recipient</b>	<b>Purpose</b>	<b>Amount Abated</b>
Erez Holdings, LLC	Commercial	\$ 159,016
Cedarbridge Office Urban Renewal	Commercial	150,884
Ocean Care Realty	Commercial	188,444
Cedarbridge Equity Urban Renewal	Commercial	135,170
Avenue of the States	Commercial	<u>79,033</u>
		<u>\$ 712,547</u>

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 15. Postemployment Benefits Other Than Pensions**

**A. State Plan**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management



**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 15. Postemployment Benefits Other Than Pensions (continued):**

of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,525,718,739 and \$6,213,844,492, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Special Funding Situation**

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$25,578,607 as of December 31, 2019. The OPEB liability was measured as of June 30, 2019. The total

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 15. Postemployment Benefits Other Than Pensions (continued):**

OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2019 was 0.4629009946%, which was a decrease of 0.0051450120% from its proportion measured as of June 30, 2018, which is the same proportion as the Township's. At December 31, 2019, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 25,578,607

At December 31, 2019, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2019 measurement date was \$339,051.

**B. Local Plan**

**General Information about the OPEB Plan**

The financial statements of the Township are not prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The following information is provided in accordance with the requirements of the Statement and has been implemented prospectively.

**Employees and Retirees Covered** – At December 31, 2018, the following employees were covered by the Township plan:

<b>Participant Data</b>	<b><u>Amount</u></b>
Active Employees	
Total	336
Average Age	44.0
Retired Employees	
Total	199
Average Age	67.0

**Actuarial Assumptions and Other Inputs**

This valuation has been conducted as of December 31, 2018 based on census, plan design and premium information provided by the Township. Census includes 60 retired participants (including spouses) and 27 active participants. The Measurement Date, for each fiscal year is as of the end of the prior year. Thus, the Total OPEB Liability for fiscal year ending December 31, 2018 of \$234,760,428.00 is measured at December 31, 2017 as allowed under GASB 75.

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 15. Postemployment Benefits Other Than Pensions (continued):**

The values are determined in accordance with GASB 75 including the Individual Entry Age Normal Cost method with the normal cost determined as a percentage of pay. Standard roll forward and backward techniques were used to adjust valuation dates to measurement dates. The following assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

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
Rates of Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Rates of Turnover	NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	4.10 % Based on the Bond Buyer 20 Index December 31, 2018
Rate of Salary Increase	2.50%
Consumer Price Index	2.50%
Medical Trend	Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

**Discount Rate** – The discount rate is the single rate that reflects (1) the long-term expected rate of return on the OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of Aa, to the extent that the conditions for use of the long-term expected rate of return are not met. For the total OPEB liability calculation as of December 31, 2018, the discount rate utilized was 3.31%.

**Changes in the Total OPEB Liability** – The changes to the total OPEB Liability during the year ending December 31, 2018 were as follows:

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 15. Postemployment Benefits Other Than Pensions (continued):**

**Changes in the Total OPEB Liability**

**Total OPEB Liability**

Balance, January 1, 2018	\$ 223,064,842
Changes for the Year:	
Service Cost	5,242,351
Interest Cost	9,302,191
Benefits Paid (implicit)	(2,848,956)
Net Changes	11,695,586
Balance, December 31, 2018	\$ 234,760,428

**Other Supplementary Information**

**Schedule of Changes in the Township's Total OPEB Liability and Related Ratios**

	Fiscal Year Ending December 31,		
	2018	2017	2016
Service Cost	\$ 5,242,351	N/A	N/A
Interest Cost	9,302,191		
Benefits Paid (implicit)	(2,848,956)		
Net Change in Total OPEB Liability	11,695,586		
Total OPEB Liability (Beginning)	223,064,842		
Total OPEB Liability (Ending)	\$ 234,760,428		
Total Covered Employee Payroll	N/A		
Net OPEB Liability as a Percentage of Payroll	N/A		

**TOWNSHIP OF LAKEWOOD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 15. Postemployment Benefits Other Than Pensions (continued):**

**Schedule of Funding Progress**

Year Ended	December 31, 2018	2017
Total OPEB Liability	\$234,760,428	\$223,064,842
Fiduciary Net Position	<u>-</u>	<u>-</u>
Net OPEB Liability	<u>\$234,760,428</u>	<u>\$223,064,842</u>
Funded Ratio	0%	0%
Covered Payroll	N/A	N/A
Net OPEB Liability as a Percentage of Covered Payroll	N/A	N/A

**Note 16. Reserve for Co-Gen Overpayments**

A Tax Agreement was made by and between Lakewood Cogeneration, LP ("Co-Gen"), Ocean Peaking Power, L.L.C. ("OPP") and the Township of Lakewood, County of Ocean, State of New Jersey (the "Township") on January 2, 2003. The Agreement sets forth the handling of tax overpayments on the Co-Gen facility on Block 1160.01, Lot 384, which resulted in substantial overpayments of taxes for 2000 (\$540,880), 2001 (\$586,866) and 2002 (\$648,108) totaling \$1,775,854.

Co-Gen and OPP have agreed to pay taxes on Block 1160.01, Lots 384, 385.01 and 385.02. If the taxes combined on the properties are less than \$860,000, then Co-Gen or OPP will pay Host Community Benefit Fee for the difference between the taxes and the \$860,000. Once taxes on all properties exceed \$1,111,183 then the Township will cover such excess with the overpayments that exist from the 2001 and 2002 tax years until exhausted.

The credit for the 2000 taxes of \$540,880 will be waived by Co-Gen unless the Township refunds the taxes under the Agreement, and then all tax overpayments will be payable to Co-Gen. Legal counsel recommended maintaining such an amount for 2000 tax overpayments as a liability until the Agreement expires, and then at that time funds can be credited to surplus. According to the Agreement documents, the Agreement is either for 15 years or 20 years at the option of the Township. If the Agreement is for 15 years, all remaining credits for 2001 and 2002 are refunded to Co-Gen. If the Agreement is for 20 years, the Township retains any remaining credits.

**Note 17. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and October 19, 2020, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. Other than the following, no items have come to the attention of the Township that would require disclosure.

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 17. Subsequent Events (continued):**

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy by way of executive orders, has ordered, among other things: all State residents to remain home or at their place of residence unless they meet one or more enumerated exceptions; all State residents to practice social distancing; gatherings of individuals, such as parties, celebrations and social events, are cancelled; non-essential businesses to cease operations from 8:00 p.m. to 5:00 a.m.; all restaurants and bars to close except for delivery or takeout services; casinos, racetracks, gyms and fitness centers and entertainment centers to close; all county and municipal libraries to close; all business and non-profits to accommodate telework or work-from-home arrangements; the cessation of all non-essential construction projects; an extension of insurance premium grace periods; all Pre-K through 12 schools to close; all universities and colleges in the State to cease in-person instruction; The Township expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread of and impacts of COVID-19.

The Township cannot reasonably predict how long the outbreak may impact the financial condition or operations of the Township, whether there will be any impact on the assessed values of property within the Township or the deferral of tax payments to the Township or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the Township.

On March 24, 2020, the Division of Local Government Services in the New Jersey Department of Community Affairs extended the date for introduction of municipal budgets to April 28, 2020 (or the next regularly scheduled governing body meeting thereafter) and the date for municipal budget adoption to May 30, 2020 (or the next regularly scheduled governing body meeting thereafter). The New Jersey Legislature is considering legislation that, if enacted, would permit the extension of any additional deadlines under the Local Budget Law, the Local Fiscal Affairs Law and the laws with respect to the issuance of tax bills. Such proposed legislation would also permit municipalities to institute an extended grace period for the receipt of property tax payments and to extend the dates for the payment of taxes by a municipality due to a county, a school district or any other taxing district. A proposed amendment to such proposed legislation would also provide that any shortfall in the property tax payments received by the municipality would be borne *pro rata* by the municipality, the county and the school district(s). There can be no assurance that this legislation, or any other actions, will be enacted by the New Jersey Legislature. The Township does not plan to issue any updates or revisions regarding this legislation, or any other actions enacted by the New Jersey Legislature, if or when such legislation or other actions are enacted.

**SUPPLEMENTARY EXHIBITS**

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<b>CURRENT FUND</b>
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**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$	44,823,564
Increased by Receipts:			
Tax Collector	\$	224,581,633	
Nonbudget Revenue		9,084,074	
State of New Jersey (Ch. 20, P.L. 1971)		378,900	
Change Fund		50	
Revenue Accounts Receivable		11,599,532	
Interfunds		6,279,611	
Refunds to Appropriations		786,187	
Various Reserves		780,432	
Due to State of New Jersey		238,066	
Deposits on Sale of Property		14,690	
Section 8 Existing Housing		15,632,636	269,375,811
Subtotal			314,199,375
Decreased by Disbursements:			
2019 Budget Appropriations		84,946,601	
2018 Appropriation Reserves		4,453,264	
Interfunds		3,545,761	
Repayment of Emergency Notes		550,000	
Accounts Payable		373,406	
County Taxes Payable		45,554,089	
Local School District Tax		104,466,984	
Fire District Tax		6,552,535	
Refund of Prior Year Revenue		2,500	
Tax Overpayments		255,043	
Various Reserves		152,665	
Due to State of New Jersey		213,050	
Section 8 Existing Housing		15,632,636	266,698,534
Balance December 31, 2019		\$	<u>47,500,841</u>

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR  
FOR THE YEARS ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$	-
Increased by Receipts:			
Taxes Receivable	\$	220,788,215	
Tax Title Liens		48,279	
Prepaid Taxes		1,701,633	
Revenue Accounts Receivable		2,043,506	224,581,633
			<hr/>
Subtotal			224,581,633
Decreased by Disbursements:			
Turnover to Treasurer			224,581,633
			<hr/>
Balance December 31, 2019		\$	-
			<hr/> <hr/>

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

YEAR	BALANCE DECEMBER 31, 2018	COLLECTED		2019 LEVY	TRANSFERRED TO TAX TITLE LIENS		OVERPAYMENTS APPLIED	OVERPAYMENTS CREATED	CHAPTER 20, P.L. 1971 SENIOR CITIZENS & VETERANS	CANCELLED, REMITTED OR ABATED	BALANCE DECEMBER 31, 2019
		2018	2019		2018	2019					
2009	\$ 18	\$ -	\$ -	-	-	\$ -	-	\$ -	-	\$ -	18
2011	9	-	-	-	-	-	-	-	-	-	9
2012	14	-	-	-	-	-	-	-	-	-	14
2013	2	-	-	-	-	-	-	-	-	-	2
2014	1,364	-	-	-	-	-	-	-	-	-	1,364
2015	3	-	-	-	-	-	-	-	-	-	3
2016	38	-	-	-	-	-	-	-	-	-	3
2017	38,924	-	7,753	-	-	-	-	-	-	-	8,129
2018	5,960,961	-	5,805,645	-	35,282	3,795	-	-	(23,833)	127,005	13,067
Total	6,001,333	-	5,813,433	-	35,282	3,795	-	-	(23,833)	150,047	22,609
2019	-	224,055,500	1,557,831	214,974,782	83,142	400,280	640,210	640,210	422,876	553,147	6,703,652
Balance	\$ 6,001,333	\$ 224,055,500	\$ 1,557,831	\$ 220,788,215	\$ 118,424	\$ 404,075	\$ 640,210	\$ 640,210	\$ 399,043	\$ 703,194	\$ 6,726,261

**ANALYSIS OF 2019 PROPERTY TAX LEVY**

<b>Tax Yield:</b>		
General Purpose Tax	\$	213,877,485
Fire District Tax		6,552,535
Added & Omitted Tax		3,625,480
Total	\$	224,055,500
<b>Tax Levy:</b>		
Local District School Tax	\$	104,466,984
County Taxes:		
County Taxes	\$	37,551,355
County Library Tax		4,135,074
County Health Tax		1,823,007
County Open Space Tax		1,317,631
Due County for Added & Omitted Taxes		721,050
Total County Taxes		45,548,117
Fire District Taxes		6,552,535
Local Tax for Municipal Purposes		64,583,434
Add: Additional Tax Levied		2,904,430
Total	\$	224,055,500

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEARS ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 568,020
Increased by:	
Transfer from Taxes Receivable	<u>118,424</u>
Subtotal	686,444
Decreased by:	
Cash Collections	<u>48,279</u>
Balance December 31, 2019	<u><u>\$ 638,165</u></u>

**SCHEDULE OF TAX ABATEMENT RECEIVABLE  
FOR THE YEARS ENDED DECEMBER 31, 2019**

Balance December 31, 2018 and 2019	<u><u>\$ 26,015</u></u>
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**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 49,159,600
Decreased by:	
Properties Removed by Sale	<u>14,400</u>
Balance December 31, 2019	<u><u>\$ 49,145,200</u></u>

**SCHEDULE OF DUE FROM STATE - P.L. 1971, C. 20  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 114,011
Increased by:	
Deductions per Tax Duplicate:	
Senior Citizens	\$ 91,750
Veterans	322,250
Deductions Allowed by Collector - Current Year Taxes	<u>12,250</u> 426,250
Subtotal	540,261
Decreased by:	
Received from State of New Jersey	378,900
Deductions Disallowed - Current Year Taxes	3,374
Deductions Disallowed - Prior Years Taxes	<u>23,833</u> 406,107
Balance December 31, 2019	<u><u>\$ 134,154</u></u>

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	ACCRUED IN 2019	COLLECTION		BALANCE DECEMBER 31, 2019
			TREASURER	COLLECTOR	
Clerk:					
Alcoholic Beverages Licenses	\$ -	\$ 95,050	\$ 95,050	\$ -	\$ -
Other Licenses	-	106,627	106,627	-	-
Division of Inspections:					
Construction Code Official	195,091	2,890,059	2,765,097	-	320,053
Other Fees & Permits	20,618	575,841	571,668	-	24,791
Department of Police:	-				
Police Identification Fees	-	21,739	21,739	-	-
Municipal Court:					
Fines & Costs	53,263	752,972	753,484	-	52,751
Recycling Revenue from County	-	-	-	-	-
Emergency Medical Services	-	1,035,667	1,035,667	-	-
Police Off-Duty Employment Funds	-	450,808	450,808	-	-
Cell Tower Lease	-	124,459	124,459	-	-
Municipal Hotel & Occupancy Tax	-	157,144	157,144	-	-
Tax Abatement Program Revenue	-	699,934	-	699,934	-
General Capital Fund Balance	-	200,000	200,000	-	-
Tax Collector:					
Payment in Lieu of Taxes:					
Sons of Israel	-	97,406	-	97,406	-
Interest & Costs on Taxes	-	1,256,020	-	1,256,020	-
State of New Jersey:					
Consolidated Municipal Property					
Tax Relief Aid	-	31,094	31,094	-	-
Energy Receipts Tax	-	5,126,513	5,126,513	-	-
Cable TV Franchise Fees	-	160,182	160,182	-	-
Total	<u>\$ 268,972</u>	<u>\$ 13,781,515</u>	<u>\$ 11,599,532</u>	<u>\$ 2,053,360</u>	<u>\$ 397,595</u>
Cash Receipts			\$ 11,599,532	\$ 2,043,506	
Prepaid Tax Abatements			-	9,854	
			<u>\$ 11,599,532</u>	<u>\$ 2,053,360</u>	



**TOWNSHIP OF LAKEWOOD**  
**CURRENT FUND**  
**SCHEDULE OF DEFERRED CHARGES**  
**N.J.S. 40A: 4-55 SPECIAL EMERGENCY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2018	BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2019
6/11/15	Revaluation of Real Property	\$ 1,375,000	\$ 275,000	\$ 550,000	\$ 550,000	\$ -
Total				\$ 550,000	\$ 550,000	\$ -

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>BALANCE DECEMBER 31, 2018</u>		BALANCE		
	RESERVED	ENCUMBERED	AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Administrative & Executive:					
Office of the Manager:					
Salaries	\$ 30,743	-	\$ 30,743	\$ -	\$ 30,743
Other Expenses	1,892	4,307	6,199	4,431	1,768
Governing Body:					
Salaries	5,437	-	5,437	-	5,437
Other Expenses	22,306	39,652	61,958	40,233	21,725
Department of Human Resources:					
Salaries	10,590	-	10,590	-	10,590
Other Expenses	34,220	2,863	37,083	3,562	33,521
Office of the Clerk:					
Salaries	23,702	-	23,702	-	23,702
Other Expenses	25,643	950	26,593	5,726	20,867
Purchasing Department:					
Salaries and Wages	50	-	50	-	50
Other Expenses	80,603	20,859	101,462	23,404	78,058
Financial Administration:					
Salaries and Wages	31,800	-	31,800	-	31,800
Other Expenses	32,482	6,780	39,262	17,757	21,505
Audit Services:					
Annual Audit	70,000	-	70,000	58,528	11,472
Computer Center:					
Salaries and Wages	10,884	-	10,884	-	10,884
Other Expenses	10,141	66,712	76,853	75,090	1,763
Collection of Taxes:					
Salaries and Wages	10,167	-	10,167	-	10,167
Other Expenses	5,223	4,536	9,759	4,536	5,223
Assessment of Taxes:					
Salaries and Wages	502	-	502	-	502
Other Expenses	70,085	25,846	95,931	55,097	40,834
Liquisation of Tax Liens & Foreclosed					
Other Expenses	14,135	371	14,506	7,556	6,950
Legal Services & Costs:					
Other Expenses	370,387	5,655	376,042	25,096	350,946
Engineering Services & Costs:					
Other Expenses	46,534	333,701	380,235	318,512	61,723
Department of Economic Development:					
Salaries	30,003	-	30,003	-	30,003
Other Expenses	16,091	54	16,145	54	16,091
Civil Rights Commission:					
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	3,300	-	3,300	-	3,300
Planning Board:					
Other Expenses	18,661	2,365	21,026	4,579	16,447
Zoning Board:					
Other Expenses	41,876	4,672	46,548	7,128	39,420
Police:					
Salaries and Wages	441,880	-	441,880	-	441,880
Other Expenses	25,298	134,386	159,684	143,430	16,254
Emergency Management Services:					
Salaries and Wages	26,461	-	26,461	-	26,461
Other Expenses	7,007	42,026	49,033	49,029	4
Emergency Medical Technicians:					
Salaries and Wages	67,032	-	67,032	-	67,032
Other Expenses	14,598	40,925	55,523	42,692	12,831
Municipal Prosecutor					
Other Expenses	20,402	800	21,202	5,678	15,524
Road Repairs & Maintenance:					
Other Expenses	90,246	108,913	199,159	115,511	83,648

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>BALANCE DECEMBER 31, 2018</u>		BALANCE	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED	AFTER TRANSFERS		
Street Cleaning:					
Salaries and Wages	27,347	-	27,347	-	27,347
Other Expenses	12,321	3,029	15,350	2,679	12,671
Department of Public Works:					
Salaries and Wages	1,308	-	1,308	-	1,308
Other Expenses	26,247	13,907	40,154	25,484	14,670
Shade Tree Commission:					
Salaries and Wages	3,326	-	3,326	-	3,326
Other Expenses	4,530	2,160	6,690	2,160	4,530
Cross Street Landfill Maint:					
Other Expenses	7,777	-	7,777	-	7,777
Garbage & Trash Removal:					
Salaries and Wages	48,616	-	48,616	-	48,616
Other Expenses	33,350	26,235	59,585	36,916	22,669
Recycling:					
Salaries and Wages	72,110	-	72,110	-	72,110
Other Expenses	14,215	22,931	37,146	24,594	12,552
Public Buildings & Grounds:					
Salaries and Wages	71,323	-	71,323	-	71,323
Other Expenses	8,012	69,262	77,274	72,083	5,191
Apartment Trash Reimbursement:					
Other Expenses	495,586	26,199	521,785	419,531	102,254
Municipal Garage:					
Other Expenses	36,428	31,124	67,552	49,246	18,306
Community Services Act:					
Other Expenses	849,280	139,321	988,601	969,244	19,357
Municipal Court:					
Salaries and Wages	3,906	-	3,906	-	3,906
Other Expenses	3,663	2,786	6,449	2,786	3,663
Public Defender					
Other Expenses	1,833	-	1,833	-	1,833
Board of Health:					
Salaries and Wages	19,999	-	19,999	30	19,969
Other Expenses	598	-	598	-	598
Environmental Commission:					
Other Expenses	2,000	-	2,000	-	2,000
Animal Control:					
Other Expenses	8,095	5,250	13,345	9,630	3,715
Relocation Assistance Program					
Other Expenses	7,500	-	7,500	-	7,500
Senior & Social Services:					
Other Expenses	3,073	21,425	24,498	21,425	3,073
Recreation:					
Salaries and Wages	74,869	-	74,869	-	74,869
Other Expenses	19,111	-	19,111	101	19,010
Community Center:					
Salaries and Wages	11,963	-	11,963	-	11,963
Other Expenses	19,797	2,696	22,493	2,593	19,900
Parks & Playgrounds:					
Salaries and Wages	1,238	-	1,238	-	1,238
Other Expenses	10,973	24,344	35,317	29,395	5,922
Celebration of Public Events:					
Other Expenses	3,000	-	3,000	-	3,000
Transfer to Lakewood Airport Authority	50,029	6,067	56,096	6,067	50,029
Lakewood Public Transportation	253,558	5,428	258,986	7,095	251,891
State Uniform Construction Code Officials:					
Salaries and Wages	104,796	-	104,796	-	104,796
Other Expenses	66,774	62,819	129,593	59,612	69,981
Property Maintenance Code:					
Salaries and Wages	1	-	1	-	1

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>BALANCE DECEMBER 31, 2018</u>		<u>BALANCE</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>RESERVED</u>	<u>ENCUMBERED</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
Insurance:					-
Liability Insurance	45,811	-	45,811	-	45,811
Group Insurance Plan	330,574	4,213	334,787	2,578	332,209
Health Insurance Waivers	12,877	-	12,877	-	12,877
Utility Expenses & Bulk Purchases:					-
Electricity	41,946	35,913	77,859	69,229	8,630
Street Lighting	52,155	260,358	312,513	312,513	-
Telephone	58,486	10,626	69,112	23,761	45,351
Water	30,732	1,804	32,536	6,752	25,784
Natural Gas	66,767	-	66,767	22,825	43,942
Gasoline	69,772	53,530	123,302	90,342	32,960
Landfill/Solid Waste Disposal Costs:					-
Landfill Disposal Costs	150,000	250,000	400,000	250,000	150,000
Contingent	10,000	-	10,000	-	10,000
Total Operations Including Contingent Within "CAPS"	<u>4,960,803</u>	<u>1,927,800</u>	<u>6,888,603</u>	<u>3,526,300</u>	<u>3,362,303</u>
Deferred Charges & Statutory Expenditures Within CAPS:					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	39,720	-	38,020	3,900	34,120
Defined Contribution Retirement Program	1,181	766	3,647	3,506	141
Total Appropriations Within CAPS	<u>5,001,704</u>	<u>1,928,566</u>	<u>6,930,270</u>	<u>3,533,706</u>	<u>3,396,564</u>
Public & Private Programs Offset by Revenue:					
Matching Funds for Grants	21,000	-	21,000	2,438	18,562
Total Public & Private Programs Offset by Revenue	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>2,438</u>	<u>18,562</u>
Capital Improvements- Excluded from CAPS:					
Purchase of Two Ambulances	65,000	-	65,000	-	65,000
Refurbish/Replace Playground Equipment	34,109	264,828	298,937	298,937	-
Police Shooting Range and SWAT Facility Construction	130,100	58,900	189,000	168,145	20,855
Purchase Portable ADA Compliant Stage	115,500	-	115,500	115,500	-
Renovations to DPW Complex	4,436	30,664	35,100	35,100	-
Pine Park C Pavillion	1,226	-	1,226	-	1,226
Upgrade Comm/Comp Equip EMT	57,000	-	57,000	-	57,000
Update Police Boat & Water Rescue Equip	28,664	21,386	50,050	50,049	1
Renovate Municipal Court Office	97,000	-	97,000	63,074	33,926
Renovate Municipal Clerk Office	10,000	-	10,000	9,792	208
Purchase Two Recycle Trucks	94	449,906	450,000	449,906	94
Purchase DPW Vehicle with Plows	1,505	-	1,505	-	1,505
Purchase Garbage/Recycle Containers	12,034	-	12,034	9,760	2,274
Purchase Riding Mower	211	-	211	-	211
Police Department Renovations	14,362	17,336	31,698	30,089	1,609
Computer Software/Hardware Upgrades	387	72,314	72,701	72,314	387
Total Capital Improvements - Excluded from CAPS	<u>571,628</u>	<u>915,334</u>	<u>1,486,962</u>	<u>1,302,666</u>	<u>184,296</u>
Total General Appropriations	<u>\$ 5,594,332</u>	<u>\$ 2,843,900</u>	<u>\$ 8,438,232</u>	<u>\$ 4,838,810</u>	<u>\$ 3,599,422</u>

Cash Disbursements	\$ 4,453,264
Accounts Payable	<u>385,546</u>
Total	<u>\$ 4,838,810</u>

## EXHIBIT A-14

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF ACCOUNTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$	555,661
Increased by:			
Appropriation Reserves			<u>385,546</u>
Subtotal			941,207
Decreased by:			
Cash Disbursed	\$	373,406	
Cancelled Accounts Payable		<u>84,393</u>	<u>457,799</u>
Balance December 31, 2019		\$	<u><u>483,408</u></u>

## EXHIBIT A-15

**SCHEDULE OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$	1,557,831
Increased by:			
Collections, 2020 Taxes			<u>1,701,633</u>
Subtotal			3,259,464
Decreased by:			
Applied to Taxes Receivable			<u>1,557,831</u>
Balance December 31, 2019		\$	<u><u>1,701,633</u></u>

## EXHIBIT A-16

**SCHEDULE OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018		\$	3,251,094
Increased by:			
Adjustment of Prior Revenue	\$	407,163	
Created		<u>640,210</u>	<u>1,047,373</u>
Subtotal			4,298,467
Decreased by:			
Cash Disbursements		255,043	
Applied		<u>404,075</u>	<u>659,118</u>
Balance December 31, 2019		\$	<u><u>3,639,349</u></u>

## EXHIBIT A-17

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 727,022
Increased by:		
County Tax	\$ 37,551,355	
County Library Tax	4,135,074	
County Health Tax	1,823,007	
County Open Space Preservation	1,317,631	
Due County for Added & Omitted Taxes	721,050	45,548,117
		<hr/>
Subtotal		46,275,139
Decreased by:		
Payments		45,554,089
		<hr/>
Balance December 31, 2019		<u><u>\$ 721,050</u></u>

## EXHIBIT A-18

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ -
Increased by:		
Levy - Calendar Year 2019		104,466,984
		<hr/>
Subtotal		104,466,984
Decreased by:		
Payments		104,466,984
		<hr/>
Balance December 31, 2019		<u><u>\$ -</u></u>

## EXHIBIT A-19

**SCHEDULE OF FIRE DISTRICT TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ -
Increased by:		
Levy - Calendar Year		6,552,535
		<hr/>
Subtotal		6,552,535
Decreased by:		
Payments		6,552,535
		<hr/>
Balance December 31, 2019		<u><u>\$ -</u></u>

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF VARIOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	INCREASED	DECREASED	BALANCE DECEMBER 31, 2019
Reserve For:				
Industrial Commission	\$ 1,487,867	\$ 368,788	\$ 110,332	\$ 1,746,323
Co-Gen Overpayments	1,775,854	-	-	1,775,854
Strand Theater	-	379,997	42,333	337,664
LIC Airport	-	7,026	-	7,026
Superstorm Sandy	100,569	-	-	100,569
5% Pilot Revenue	-	24,621	-	24,621
	<hr/>			<hr/>
Total	\$ 3,364,290	\$ 780,432	\$ 152,665	\$ 3,992,057

**SCHEDULE OF DUE TO STATE OF NEW JERSEY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	TOTAL	CONSTRUCTION TRAINING FEES	MARRIAGE/ DOMESTIC PARTNERSHIP FEES	BURIAL PERMIT FEES
Balance December 31, 2018	\$ 40,932	\$ 33,232	\$ 7,700	\$ -
Increased by:				
Cash Receipts	238,066	210,631	27,425	10
	<hr/>			<hr/>
Subtotal	278,998	243,863	35,125	10
	<hr/>			<hr/>
Decreased by:				
Cash Disbursed	213,050	185,650	27,400	-
	<hr/>			<hr/>
Balance December 31, 2019	\$ 65,948	\$ 58,213	\$ 7,725	\$ 10

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF DEPOSITS ON SALE OF PROPERTY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$ 26,500
Increased by:	
Cash Receipts	<u>14,690</u>
Subtotal	41,190
Decreased by:	
Applied to Sales of Property	<u>5,190</u>
Balance December 31, 2019	<u><u>\$ 36,000</u></u>

**SCHEDULE OF DUE TO LAKEWOOD HOUSING  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 42
Increased by:	
Cash Receipts	<u>15,632,636</u>
Subtotal	15,632,678
Decreased by:	
Cash Disbursed	<u>15,632,636</u>
Balance, December 31, 2019	<u><u>\$ 42</u></u>



**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF INTERFUNDS - OTHER FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	TOTAL	FEDERAL & STATE GRANT FUND	GENERAL TRUST	ANIMAL CONTROL TRUST
Balance, December 31, 2018:				
Interfund Receivable	\$ 1,228,464	\$ 1,228,464	\$ -	\$ -
(Interfund Payable)	(1,642,456)	-	(1,620,021)	(22,435)
Increased by:				
Grant Reserves Cancelled	1,373,260	1,373,260	-	-
Disbursements	3,545,761	3,069,863	470,114	5,784
Statutory Excess in Reserve	8,200	-	-	8,200
Total Increased by	4,927,221	4,443,123	470,114	13,984
Subtotal	4,513,229	5,671,587	(1,149,907)	(8,451)
Decreased by:				
Animal Control Receipts	13,210	-	-	13,210
Refunds	29,787	29,787	-	-
Unappropriated Grants	140,559	140,559	-	-
Grants Receivable Canceled	1,104,668	1,104,668	-	-
Matching Grant Funds	281,698	281,698	-	-
Return to Current	5,269,307	5,269,307	-	-
Subtotal	6,839,229	6,826,019	-	13,210
Various Reserves	826,748	-	826,748	-
Total Decreased by	7,665,977	6,826,019	826,748	13,210
Balance, December 31, 2019:				
Interfund Receivable	\$ -	\$ -	\$ -	\$ -
(Interfund Payable)	\$ (3,152,748)	\$ (1,154,432)	\$ (1,976,655)	\$ (21,661)

**TOWNSHIP OF LAKEWOOD  
CURRENT FUND  
SCHEDULE OF EMERGENCY AUTHORIZATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

PURPOSE OF	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2018	INCREASED	DECREASED	BALANCE DECEMBER 31, 2019
Revaluation of Real Property	3/15/18	3/15/19	1.959%	\$ 550,000	\$ -	\$ 550,000	\$ -
			Total	\$ 550,000	\$ -	\$ 550,000	\$ -

**TOWNSHIP OF LAKEWOOD  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF DUE TO/(FROM) CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$	1,228,464
Increased by:			
Disbursed by Current Fund:			
Appropriated Reserves	\$	3,069,863	
Cancellation of Grant Appropriated Reserve		1,373,260	4,443,123
			<hr/>
Subtotal			5,671,587
Decreased by:			
Deposited in Current Fund:			
Grants Receivable	\$	5,269,307	
Refunds		29,787	
Unappropriated Grants		140,559	
Current Fund Matching Grant		281,698	
Cancellation of Grant Receivables		1,104,668	6,826,019
			<hr/>
Balance December 31, 2019		\$	<u><u>(1,154,432)</u></u>

**TOWNSHIP OF LAKEWOOD  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

GRANT	BALANCE DECEMBER 31, 2018	2019 ANTICIPATED REVENUE	CASH RECEIVED	RESERVES REALIZED AS REVENUE	CANCELLED	BALANCE DECEMBER 31, 2019
<b>Federal:</b>						
Bulletproof Vest Partnership Program - 2015	\$ 19,375	\$ -	\$ -	\$ -	\$ -	\$ 19,375
Community Development Block Grant- 2017	917,000	-	917,000	-	-	-
Community Development Block Grant- 2018	1,241,002	-	449,763	-	-	791,239
Community Development Block Grant - 2019	-	1,047,682	-	-	-	1,047,682
Edward Byrne Memorial Justice Assistance Grant - 2019	-	33,583	-	-	-	33,583
Department of Transportation:						
Highway Safety Fund - 2015	13,603	-	-	-	-	13,603
Highway Safety Fund	181,146	-	-	-	-	181,146
US DOT Taxiway Construction Phase II	5,965	-	4,630	-	-	1,335
FEMA - Hazard Mitigation Grant	392,685	-	392,685	-	-	-
Federal Transit CIP Parking Lot Project	3,747,429	-	-	-	-	3,747,429
<b>Sub-Total Federal</b>	<b>6,518,205</b>	<b>1,081,265</b>	<b>1,764,078</b>	<b>-</b>	<b>-</b>	<b>5,835,392</b>
<b>State:</b>						
Alcohol Education & Rehabilitation Fund	-	10,047	10,047	-	-	-
Clean Communities Program	-	124,763	124,763	-	-	-
Construct Taxiway to Runway 24 End - State Share	2,476	-	658	-	-	1,818
Body Armor Replacement	-	13,513	13,513	-	-	-
Jet Fuel Tank	15,340	-	-	-	15,340	-
New Jersey Department of Transportation :						
Municipal Aid Program 2019	-	501,375	-	-	-	501,375
Municipal Aid Program 2011	66,240	-	-	-	66,240	-
Municipal Aid Program 2012	23,979	-	-	-	23,979	-
Municipal Aid Program 2013	11,829	-	-	-	-	11,829
Municipal Aid Program 2014	44,328	-	-	-	-	44,328
Municipal Aid Program 2015	134,516	-	9,607	-	-	124,909
Municipal Aid Program 2016	204,067	-	124,371	-	-	79,696
Municipal Aid Program 2017- Clifton Ave	169,853	-	85,605	-	-	84,248
Municipal Aid Program 2018	923,625	-	398,681	-	-	524,944
NJDOT - Obstruction Tree Removal	101,850	-	72,718	-	-	29,132
Runway End Identifier Lights	18,691	-	-	-	18,691	-
Local Freight Impact Fund	-	1,000,000	-	-	-	1,000,000
Runway 6 Safety Improvements	-	673,255	-	-	-	673,255
Recycling Tonnage Grant	-	140,559	140,559	-	-	-
Safe & Secure Communities Program - 2013	20,000	-	-	-	-	20,000
Safe & Secure Communities Program - 2015	-	60,000	45,000	-	-	15,000
State of NJ No Net Loss Reforestation Grant FS14-013	2,289,750	-	2,129,625	-	-	160,125
State of NJ No Net Loss Reforestation Grant FS14-060	972,000	-	-	-	972,000	-
Urban Enterprise Zone:						
Revolving Loan Program	-	193,300	-	-	-	193,300
Administrative Grant - 2018	229,749	-	1,402	-	-	228,347
Business Attraction Initiative - VII	4,143	-	-	-	4,143	-
Business Attraction Initiative - VIII	75,973	-	75,973	-	-	-
Business Attraction Initiative - VIII	-	25,000	20,826	-	-	4,174
Business to Business Networking V	-	17,000	15,454	-	-	1,546

**TOWNSHIP OF LAKEWOOD  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

GRANT	BALANCE DECEMBER 31, 2018	2019 ANTICIPATED REVENUE	CASH RECEIVED	RESERVES REALIZED AS REVENUE	CANCELLED	BALANCE DECEMBER 31, 2019
State (continued):						
2019-3 SCF Urban Enterprise Zone Advertising Marketing	-	131,000	-	-	-	131,000
Project Management and Administration	-	320,000	91,444	-	-	228,556
Business to Business Networking Initiative IV	3,325	-	-	-	3,325	-
Business to Business Networking Initiative V	44,045	-	44,045	-	-	-
Strand Theater Capital Improvements & Renovations - Phase III	315,305	-	86,634	-	-	228,671
Sub-Total State	5,671,084	3,209,812	3,490,925	-	1,103,718	4,286,253
Local:						
CJHIF - Wellness Grant Program:	950	-	-	-	950	-
CJHIF - Wellness Grant Program - 2018	15,000	-	14,304	-	-	696
CJHIF - Wellness Grant Program - 2018	-	17,000	-	-	-	17,000
Safe & Secure Communities Programs - Local 2015	-	281,698	281,698	-	-	-
Sub-Total Local	15,950	298,698	296,002	-	950	17,696
Grand Total	\$ 12,205,239	\$ 4,589,775	\$ 5,551,005	\$ -	\$ 1,104,668	\$ 10,139,341
Original Budget	\$	835,840				
Ch. 159 Budget Amendments		3,753,935				
	\$	<u>4,589,775</u>				

**TOWNSHIP OF LAKEWOOD  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

GRANT	BALANCE		TRANSFERS		EXPENDED	REFUNDED	CANCELLED	BALANCE									
	DECEMBER 31, 2018		FROM 2019					DECEMBER 31, 2019									
	ENCUMBERED	RESERVED	APPROPRIATIONS	BUDGET				ENCUMBERED	RESERVED								
Federal:	\$	-	\$	51	\$	-	\$	-	\$	51	-	\$	-	132,669	51	-	132,669
Community Development Block Grant - 2008	-	-	-	132,669	-	-	-	-	-	-	-	-	-	2,764	-	-	2,764
Community Development Block Grant - 2009	-	-	-	2,764	-	-	-	-	-	-	-	-	-	5,857	-	-	5,857
Community Development Block Grant - 2010	-	-	-	5,775	-	-	-	-	-	-	-	-	-	20,923	-	-	20,959
Community Development Block Grant - 2011	82	-	-	5,775	-	-	-	-	-	-	-	-	-	316	-	-	41,000
Community Development Block Grant - 2012	352	-	-	20,923	-	-	-	-	-	-	-	-	-	-	-	-	30,418
Community Development Block Grant - 2013	-	-	-	41,000	-	-	-	-	-	-	-	-	-	-	-	-	11,380
Community Development Block Grant - 2014	1,260	-	-	30,418	-	-	-	-	-	-	-	-	-	-	-	-	60,682
Community Development Block Grant - 2015	12,423	-	-	92,851	-	-	-	-	-	-	-	-	-	-	-	-	151,942
Community Development Block Grant - 2016	15,530	-	-	135,203	-	-	-	-	-	-	-	-	-	-	-	-	253,566
Community Development Block Grant - 2017	118,799	-	-	327,248	-	-	-	-	-	-	-	-	-	-	-	-	941,724
Community Development Block Grant - 2018	16,552	-	-	1,123,123	-	-	-	-	-	-	-	-	-	-	-	-	35,848
Community Development Block Grant - 2019	-	-	-	-	1,047,682	-	-	-	-	-	-	-	-	-	-	-	33,583
Community Development Block Grant - Title I Assistance	-	-	-	35,848	-	-	-	-	-	-	-	-	-	-	-	-	72,860
Edward Byrne Memorial Justice Assistance Grant	-	-	-	-	33,583	-	-	-	-	-	-	-	-	-	-	-	22,090
Energy Efficiency Grant	-	-	-	72,860	-	-	-	-	-	-	-	-	-	-	-	-	3,688,671
FEMA - Hazard Mitigation Grant	-	-	-	22,090	-	-	-	-	-	-	-	-	-	-	-	-	3,268
Federal Transit CIP Parking Lot Project	69	-	-	22,090	-	-	-	-	-	-	-	-	-	-	-	-	7,261
USDOT Acquire Land for Approaches - Runway 6	-	-	-	3,746,557	-	-	-	-	-	-	-	-	-	-	-	-	-
USDOT Taxiway Construction-Phase II	-	-	-	3,268	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total Federal	165,067	-	-	5,799,909	1,081,265	-	-	1,208,156	10,883	-	-	-	-	244,651	-	-	5,604,317
State:	-	-	-	926	-	-	-	-	-	-	-	-	-	-	-	-	926
Alcohol Education & Rehabilitation	-	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Alcohol Education & Rehabilitation - 2000	-	-	-	1,000	-	-	-	-	-	-	-	-	-	-	-	-	1,717
Alcohol Education & Rehabilitation - 2011	-	-	-	1,717	-	-	-	-	-	-	-	-	-	-	-	-	6,499
Alcohol Education & Rehabilitation - 2014	-	-	-	6,499	-	-	-	-	-	-	-	-	-	-	-	-	300
Alcohol Education & Rehabilitation - 2016	300	-	-	529	-	-	-	529	-	-	-	-	-	-	-	-	876
Alcohol Education & Rehabilitation - 2017	628	-	-	4,602	-	-	-	4,354	-	-	-	-	-	-	-	-	5,712
Alcohol Education & Rehabilitation - 2018	-	-	-	5,712	-	-	-	-	-	-	-	-	-	-	-	-	8,547
Alcohol Education & Rehabilitation - 2019	-	-	-	-	10,047	-	-	1,500	-	-	-	-	-	-	-	-	188
Body Armor Replacement Grant	-	-	-	188	-	-	-	-	-	-	-	-	-	-	-	-	-
Body Armor Replacement Grant - 2016	-	-	-	949	-	-	-	-	-	-	-	-	-	-	-	-	949
Body Armor Replacement Grant - 2019	-	-	-	-	13,513	-	-	-	-	-	-	-	-	-	-	-	3,537
Clean Communities Program	-	-	-	197,514	-	-	-	-	-	-	-	-	-	-	-	-	197,514
Clean Communities Program - 2018	-	-	-	111,319	-	-	-	-	-	-	-	-	-	-	-	-	111,319
Clean Communities Program - 2019	-	-	-	-	124,763	-	-	-	-	-	-	-	-	-	-	-	124,763
Driving While Intoxicated	-	-	-	943	-	-	-	-	-	-	-	-	-	-	-	-	943
Drunk Driving Enforcement Fund - 2009	-	-	-	22	-	-	-	-	-	-	-	-	-	-	-	-	22
Drunk Driving Enforcement Fund - 2014	-	-	-	146	-	-	-	-	-	-	-	-	-	-	-	-	146
Drunk Driving Enforcement Fund - 2018	-	-	-	25,707	-	-	-	-	-	-	-	-	-	-	-	-	1,904
Emergency Assistance Grant	-	-	-	8,255	-	-	-	-	-	-	-	-	-	-	-	-	8,255
Gypsy Moth Grant	-	-	-	23,829	-	-	-	-	-	-	-	-	-	-	-	-	23,829
New Jersey Department of Transportation:	-	-	-	-	501,375	-	-	-	-	-	-	-	-	-	-	-	501,375
Municipal Aide Program 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Aide Program 2011	1,258	-	-	200,838	-	-	-	(7,767)	-	-	-	-	-	-	-	-	209,863
Municipal Aide Program 2012	-	-	-	14,175	-	-	-	-	-	-	-	-	-	-	-	-	14,175
Municipal Aide Program 2013	-	-	-	13,887	-	-	-	7,767	-	-	-	-	-	-	-	-	6,120
Municipal Aide Program 2014	6,669	-	-	35,760	-	-	-	-	-	-	-	-	-	-	-	-	42,429
Municipal Aide Program 2015	121,734	-	-	110	-	-	-	1,363	-	-	-	-	-	-	-	-	120,371
Municipal Aide Program 2016	26,707	-	-	47,101	-	-	-	1,822	-	-	-	-	-	-	-	-	24,885
Municipal Aide Program 2017	17,850	-	-	49,208	-	-	-	-	-	-	-	-	-	-	-	-	49,208
Municipal Aide Program 2018	171,155	-	-	738,900	-	-	-	507,247	-	-	-	-	-	-	-	-	321,770
Highway Safety Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,884
Highway Safety Fund 2015	13,457	-	-	12,258	-	-	-	24,902	-	-	-	-	-	-	-	-	813

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**TOWNSHIP OF LAKEWOOD  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

GRANT	BALANCE DECEMBER 31, 2018	CASH RECEIPTS	BALANCE DECEMBER 31, 2019
Recycling Tonnage Grant	\$ -	\$ 140,559	\$ 140,559
Total	\$ -	\$ 140,559	\$ 140,559



**TRUST FUND**

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**TOWNSHIP OF LAKEWOOD  
TRUST FUND  
SCHEDULE OF CASH AND CASH EQUIVALENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>GRANT TRUST FUND</u>	<u>GENERAL TRUST FUND</u>
Balance December 31, 2018	\$ 203,946	\$ 13,943,796
Increased by Receipts:		
Interest Earnings	\$ 3,681	\$ -
Various Reserves	<u>-</u>	<u>16,393,066</u>
Total Receipts	<u>3,681</u>	<u>16,393,066</u>
Subtotal	<u>207,627</u>	<u>30,336,862</u>
Decreased by Disbursements:		
Various Reserves	<u>-</u>	<u>13,271,220</u>
Total Disbursements	<u>-</u>	<u>13,271,220</u>
Balance December 31, 2019	<u><u>\$ 207,627</u></u>	<u><u>\$ 17,065,642</u></u>

**TOWNSHIP OF LAKEWOOD  
GENERAL TRUST FUND  
SCHEDULE OF INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 509,421
Increased by:	
Net Interest Earnings	<u>15,177</u>
Balance December 31, 2019	<u><u>\$524,598</u></u>

**ANIMAL CONTROL TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 22,751
Increased by:	
Dog License Fees Collected	\$ 10,597
Miscellaneous Fees Collected	<u>733</u>
	11,330
Subtotal	34,081
Decreased by:	
Expenditures Under R.S. 4:19-15.11	3,862
Due to Current Fund	<u>8,200</u>
	12,062
Balance December 31, 2019	<u><u>\$ 22,019</u></u>

**LICENSE FEES COLLECTED**

YEAR	AMOUNT
2017	\$ 11,423
2018	<u>10,596</u>
	<u><u>\$ 22,019</u></u>

**TOWNSHIP OF LAKEWOOD  
GENERAL TRUST FUND  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF INTERFUND - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 22,435
Increased by:		
Reserve for Animal Control Expenditures	\$ 11,330	
Due to State of New Jersey	1,880	13,210
		<hr/>
Subtotal		35,645
Decreased by:		
Reserve for Animal Control Expenditures	3,862	
Excess in Reserve	8,200	
Due to State of New Jersey	1,922	13,984
		<hr/>
Balance December 31, 2019		<u><u>\$ 21,661</u></u>

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY  
ANIMAL CONTROL FEES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 316
Increased by:		
Remitted to State of New Jersey		1,922
		<hr/>
Subtotal		2,238
Decreased by:		
State Fees		1,880
		<hr/>
Balance December 31, 2019		<u><u>\$ 358</u></u>

**TOWNSHIP OF LAKEWOOD  
GRANT TRUST FUND  
SCHEDULE OF RESERVE FOR REVOLVING LOAN GRANT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 203,946
Increased by:	
Interest Earned	<u>3,681</u>
Balance December 31, 2019	<u><u>\$ 207,627</u></u>

**GENERAL TRUST FUND  
SCHEDULE OF INTERFUND - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 1,620,021
Increased by:	
Various Reserves	<u>826,748</u>
Subtotal	2,446,769
Decreased by:	
Various Reserves	<u>470,114</u>
Balance December 31, 2019	<u><u>\$ 1,976,655</u></u>

**TOWNSHIP OF LAKEWOOD  
GENERAL TRUST FUND  
SCHEDULE OF VARIOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	INCREASED	DECREASED	BALANCE DECEMBER 31, 2019
Unemployment Compensation Insurance	\$ 252,768	\$ 9,280	\$ 6,323	\$ 255,725
Escrow Performance	5,816,027	2,458,394	1,423,208	6,851,213
Sanitary Landfill Escrow	509,422	15,177	-	524,599
Outside Off-Duty Police Employment	690,116	2,004,135	1,911,064	783,187
Redemption of Tax Sale Certificates	935,067	5,739,943	5,998,781	676,229
Premium at Tax Sale	3,216,403	2,753,314	2,106,388	3,863,329
Law Enforcement	358,628	114,160	28,283	444,505
Law Enforcement Confiscation	49,825	250	-	50,075
Planning & Zoning Fees	981,594	1,038,814	1,013,702	1,006,706
Inspection Fees	1,375,422	910,849	784,669	1,501,602
Street Opening Permits	17,147	73,955	-	91,102
Council on Affordable Housing	629,028	1,289,972	-	1,919,000
Parking Offenses Adjudication Act	3,835	636	3,479	992
Public Defender	22,669	25,934	29,087	19,516
Accumulated Absences	267,769	302,000	431,365	138,404
Snow Removal	144,429	478,613	-	623,042
Recreation	4,856	5,660	4,300	6,216
Pine Park Deposits	239,585	13,905	50	253,440
Garbage Pail Deposits	558,648	-	635	558,013
Total	<u>\$ 16,073,238</u>	<u>\$ 17,234,991</u>	<u>\$ 13,741,334</u>	<u>\$ 19,566,895</u>

Interfund - Current Fund	\$ 826,748
Investments	15,177
Cash Receipts	<u>16,393,066</u>
Total	<u>\$ 17,234,991</u>

Interfund - Current Fund	\$ 470,114
Cash Disbursed	<u>13,271,220</u>
Total	<u>\$ 13,741,334</u>

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**GENERAL CAPITAL FUND**

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**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$	9,276,129
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	\$	350,000	
Bond Anticipation Notes		14,400,000	
Premium on Bond Anticipation Notes		95,040	
Deferred Charges Raised in Budget		63,670	14,908,710
			<hr/>
Subtotal			24,184,839
Decreased by Disbursements:			
Improvement Authorizations	\$	4,805,767	
Payment of Bond Anticipation Notes		13,200,000	
Anticipated as Current Fund Revenue		200,000	18,205,767
			<hr/>
Balance December 31, 2019		\$	<u><u>5,979,072</u></u>

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL CASH, CASH  
EQUIVALENTS & INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Fund Balance	\$ 121,235
Capital Improvement Fund	144,476
Reserve for Capital Improvements	9,716
Reserve for Renewal & Replacements	101,356

**Improvement Authorizations:**

Ordinance		
Number		
06-58/07-49	Various Capital Improvements	140,245
08-42	Various Capital Improvements	86,315
12-60	Various Improvements	13,777
13-73	Various Improvements	35,000
14-17	911 Call Handling System Upgrades	4,450
14-70	Various Improvements	315
15-22	Improvements to Various roads & Sidewalks	444,646
15-63	Various Equipment LPD/EMS/DPW	3,832
17-04	Various Capital Improvements	3,203,316
18-10	Improvements to Various Roads & Sidewalks	1,417,389
19-32	Solid Waste Transfer Station and Radio Tower	253,004
		<hr/>
Total		<u><u>\$ 5,979,072</u></u>

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 37,245,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>3,915,000</u>
Balance December 31, 2019	<u><u>\$ 33,330,000</u></u>

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE DECEMBER 31, 2019									
		BALANCE DECEMBER 31, 2018	2019 AUTHORIZED	BOND ANTICIPATION NOTES PAID	PAID BY BUDGET	CANCELLED	BALANCE DECEMBER 31, 2019	FINANCED BY BOND ANTICIPATION NOTES	ENCUMBRANCES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS	
99-38/07-35	Various Capital Improvements & Other Related Expenses	\$ 941	-	\$ -	941	\$ -	\$ -	\$ -	\$ -	-	
05-88	Various Capital Improvements	1,121	-	-	1,121	-	-	-	-	-	
08-42	Various Capital Improvements	11,156	-	-	-	-	11,156	-	-	11,156	
09-65	Upgrade of Police Equipment	30,728	-	-	26,855	3,873	-	-	-	-	
11-51	Police Department Improvements	650	-	-	-	650	-	-	-	-	
12-60	Various Improvements	217,135	-	-	-	-	217,135	-	-	217,135	
13-73	Various Improvements	421,997	-	-	34,753	-	387,244	35,000	-	352,244	
14-17	911 Call Handling System Upgrades	400	-	-	-	-	400	-	-	400	
14-70	Various Improvements	105,734	-	-	-	-	105,734	90,000	-	15,734	
15-63	Various Equipment LPD/EMS/DPW	274,325	-	-	-	-	274,325	10,000	-	264,325	
17-04	Various Capital Improvements	9,500,000	-	800,000	-	-	8,700,000	7,300,000	-	1,400,000	
18-10	Improvements to Various Roads & Sidewalks	7,600,000	-	-	-	-	7,600,000	6,965,000	-	635,000	
19-32	Solid Waste Transfer Station and Radio Tower	-	6,650,000	-	-	-	6,650,000	-	2,032,154	4,617,846	
Total		\$ 18,164,187	\$ 6,650,000	\$ 800,000	\$ 63,670	\$ 4,523	\$ 23,945,994	\$ 14,400,000	\$ 2,032,154	\$ 7,513,840	
Improvement Authorizations - Unfunded										\$ 10,098,616	
Less - Unexpended Proceeds of Bond Anticipation Notes:											
Ordinance 13-73										34,315	
Ordinance 14-70										315	
Ordinance 15-63										3,832	
Ordinance 17-04										2,290,590	
Ordinance 18-10										255,724	
										\$ 7,513,840	

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2019 AUTHORIZATIONS									
		BALANCE DECEMBER 31, 2018				CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2019	
		ENCUMBERED	FUNDED	UNFUNDED	ENCUMBERED					FUNDED	UNFUNDED
06-58/07-49	Various Road Improvements	\$ -	\$ 140,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,245	\$ -
08-42	Various Road Improvements	-	86,315	11,156	-	-	-	-	-	86,315	11,156
09-65	Replacement of Public Works Equipment	-	-	3,374	-	-	-	-	3,374	-	-
	Upgrade of Police Equipment	499	-	-	-	-	-	-	499	-	-
11-51	Police Department Improvements	-	464	650	-	-	-	-	1,114	-	-
12-60	Various Improvements	270,552	7,643	217,135	-	-	-	264,418	-	313	217,135
13-73	Various Improvements	685	-	386,559	-	-	-	-	-	685	386,559
14-17	911 Call Handling System Upgrades	1,721	4,450	400	-	-	-	1,721	-	4,450	400
14-70	Various Improvements	-	-	16,049	-	-	-	-	-	-	16,049
15-22	Improvements to Various roads & Sidewalks	200,211	469,911	-	-	-	-	225,476	-	263,339	-
15-63	Various Equipment LPD/EMS/DPW	822	-	267,335	-	-	-	-	-	-	268,157
17-04	Various Capital Improvements	742,232	-	4,432,767	-	-	-	571,683	-	-	3,690,590
18-10	Various Capital Improvements	3,126,962	-	2,570,900	-	-	-	3,645,473	-	1,161,665	890,724
19-32	Solid Waste Transfer Station and Radio Tower	-	-	-	350,000	6,650,000	-	96,996	-	2,285,158	4,617,846
	Total	\$ 4,343,684	\$ 709,028	\$ 7,906,325	\$ 350,000	\$ 6,650,000	\$ 4,805,767	\$ 4,987	\$ 4,555,005	\$ 494,662	\$ 10,098,616

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2018	PAID BY BUDGET	BALANCE DECEMBER 31, 2019
			DATE	AMOUNT				
General Improvements	7/31/12	\$ 7,705,000	1/15/2020	\$ 790,000	4.00%	\$ 1,550,000	\$ 760,000	\$ 790,000
Pension Obligation	7/31/12	955,000	4/1/2020	165,000	3.25%	365,000	150,000	215,000
			4/1/2021	50,000	3.50%			
General Improvement Bonds	3/1/2014	7,980,000	3/1/2020	725,000	2.00%	5,800,000	725,000	5,075,000
			3/1/2021	725,000	2.25%			
			3/1/2022	725,000	2.50%			
			3/1/2023	725,000	3.00%			
			3/1/2024	725,000	3.00%			
			3/1/2025	725,000	3.00%			
Series 2014 Bonds	11/1/14	14,060,000	3/1/2026	725,000	3.00%			
			11/1/2020	1,110,000	4.00%	13,485,000	1,110,000	12,375,000
			11/1/2021	1,105,000	2.00%			
			11/1/2022	1,075,000	5.00%			
			11/1/2023	1,075,000	2.25%			
			11/1/2024	1,050,000	2.50%			
			11/1/2025	1,020,000	5.00%			
			11/1/2026	1,020,000	5.00%			
			11/1/2027	1,015,000	5.00%			
			11/1/2028	1,010,000	3.25%			
Series 2016 Bonds	3/23/16	4,690,000	11/1/2029	990,000	3.25%			
			11/1/1930	965,000	3.38%			
			11/1/2031	940,000	3.38%			
			11/1/2020	485,000	4.00%	4,120,000	495,000	3,625,000
			11/1/2021	485,000	4.00%			
			11/1/2022	485,000	3.00%			
Series 2017 Bonds	11/14/17	12,600,000	11/1/2023	480,000	4.00%			
			11/1/2024	475,000	4.00%			
			11/1/2025	475,000	4.00%			
			11/1/2026	470,000	4.00%			
			11/1/2027	270,000	4.00%			
			11/1/2020	675,000	2.00%	11,925,000	675,000	11,250,000
			11/1/2021	1,290,000	4.00%			
			11/1/2022	1,295,000	4.00%			
			11/1/2023	1,295,000	4.00%			
			11/1/2024	1,295,000	4.00%			
			11/1/2025	1,350,000	4.00%			
			11/1/2026	1,350,000	4.00%			
			11/1/2027	1,350,000	4.00%			
			11/1/2028	1,350,000	4.00%			
Total						\$ 37,245,000	\$ 3,915,000	\$ 33,330,000



**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2018	INCREASED	DECREASED	BALANCE DECEMBER 31, 2019
2013-73	Various Capital Improvements	6/26/2019	\$ 35,000	6/26/2019	6/26/2020	2.25%	\$ -	\$ 35,000	\$ -	\$ 35,000
2014-70	Various Capital Improvements	6/26/2019	90,000	6/26/2019	6/26/2020	2.25%	-	90,000	-	90,000
2015-63	Various Equipment LPD/EMS/DPW	6/26/2019	10,000	6/26/2019	6/26/2020	2.25%	-	10,000	-	10,000
2017-04	Various Capital Improvements	8/9/2017	8,500,000	6/27/2018	6/27/19	2.75%	8,100,000	-	8,100,000	-
				6/26/2019	6/26/2020	2.25%	-	7,300,000	-	7,300,000
2018-10	Improvements to Various Roads & Sidewalks	6/27/2018	5,900,000	6/27/2018	6/27/19	2.75%	5,900,000	-	5,900,000	-
				6/26/2019	6/26/2020	2.25%	-	6,965,000	-	6,965,000
Total							\$ 14,000,000	\$ 14,400,000	\$ 14,000,000	\$ 14,400,000

  

Newly Issued BANs	\$	1,200,000	\$	-
Renewed		13,200,000		13,200,000
Budget Appropriation		-		800,000
	\$	14,400,000	\$	14,000,000

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 144,476
Increased by:	
Budget Appropriation	<u>350,000</u>
Subtotal	494,476
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>350,000</u>
Balance December 31, 2019	<u><u>\$ 144,476</u></u>

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR IMPROVEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 &amp; 2018

\$ 9,716

**SCHEDULE OF RESERVE FOR RENEWAL AND REPLACEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 &amp; 2018

\$ 101,356

**TOWNSHIP OF LAKEWOOD  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER/DATE	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2018	2019 AUTHORIZATIONS	PAID BY BUDGET	BOND ANTICIPATION NOTES ISSUED	ORDINANCES CANCELLED	BALANCE DECEMBER 31, 2019
99-38/07-35	Various Capital Improvements	\$ 941	-	\$ 941	-	-	\$ -
05-88	Various Capital Improvements	1,121	-	1,121	-	-	-
08-42	Various Capital Improvements	11,156	-	-	-	-	11,156
09-65	Various Capital Improvements	30,728	-	26,855	-	3,873	-
11-51	Police Department Improvements	650	-	-	-	650	-
12-60	Various Capital Improvements	217,135	-	-	-	-	217,135
13-73	Various Capital Improvements	421,997	-	34,753	35,000	-	352,244
14-17	Upgrades to 911 Handling System	400	-	-	-	-	400
14-70	Various Capital Improvements	105,734	-	-	90,000	-	15,734
15-63	Various Equipment LPD/EMS/DPW	274,325	-	-	10,000	-	264,325
17-04	Various Capital Improvements	1,400,000	-	-	-	-	1,400,000
18-10	Improvements to Various Roads & Sidewalks	1,700,000	-	-	1,065,000	-	635,000
19-32	Solid Waste Transfer Station and Radio Tower	-	6,650,000	-	-	-	6,650,000
Total		\$ 4,164,187	\$ 6,650,000	\$ 63,670	\$ 1,200,000	\$ 4,523	\$ 9,545,994

<b>PAYROLL FUND</b>
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## EXHIBIT D-1

**TOWNSHIP OF LAKEWOOD  
PAYROLL FUND  
SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 536,446
Increased by Receipts:		
Payroll Reserve	\$ 26,661	
Due to Various Agencies	<u>20,188,250</u>	
		<u>20,214,911</u>
Subtotal		20,751,357
Decreased by Disbursements:		
Due to Various Agencies		<u>20,226,014</u>
Balance December 31, 2019		<u><u>\$ 525,343</u></u>

## EXHIBIT D-2

**ANALYSIS OF PAYROLL CASH  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2019
Payroll Reserve	\$ 82,256	\$ 26,661	\$ -	\$ 108,917
Due to Various Agencies	<u>454,190</u>	<u>20,188,250</u>	<u>20,226,014</u>	<u>416,426</u>
Total	<u><u>\$ 536,446</u></u>	<u><u>\$ 20,214,911</u></u>	<u><u>\$ 20,226,014</u></u>	<u><u>\$ 525,343</u></u>

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<b>GENERAL FIXED ASSET ACCOUNT GROUP</b>
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**TOWNSHIP OF LAKEWOOD  
GENERAL FIXED ASSET ACCOUNT GROUP  
SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2019
General Fixed Assets:				
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Buildings	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	20,197,178	2,882,173	833,865	22,245,486
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Total	\$ 52,411,983	\$ 2,882,173	\$ 833,865	\$ 54,460,291
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**TOWNSHIP OF LAKEWOOD**

**PART II**

**SINGLE AUDIT SECTION**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Township of Lakewood's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Township's major federal and state programs for the year ended December 31, 2019. 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.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Township's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Township'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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Township's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the Township of Lakewood complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2019.

### **Report on Internal Control Over Compliance**

Management of the Township of Lakewood is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

*A deficiency in 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 federal or 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey  
October 19, 2020

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**TOWNSHIP OF LAKEWOOD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>	<u>Passed to Subrecipient</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed-Through County of Ocean:				
CDBG - Entitlement Grants Cluster:				
CDBG Entitlement Grant - 2015	14.218	N/A	\$ 1,044	\$ -
CDBG Entitlement Grant - 2016	14.218	N/A	9,551	3,000
CDBG Entitlement Grant - 2017	14.218	N/A	273,095	665
CDBG Entitlement Grant - 2018	14.218	N/A	802,052	178,850
CDBG Entitlement Grant - 2019	14.218	N/A	59,899	-
Total CDBG - Entitlement Grants Cluster			<u>1,145,641</u>	<u>182,515</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>1,145,641</u>	<u>182,515</u>
<b><u>U.S. Department of Transportation</u></b>				
Direct Programs:				
Airport Improvement Program	20.106	N/A	<u>4,629</u>	<u>-</u>
Passed-Through New Jersey Transit Corporation:				
Federal Transit Cluster:				
Federal Transit - Capital Investment Grant	20.500	NJ-04-0027	<u>57,886</u>	<u>-</u>
Total Federal Transit Cluster			<u>57,886</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<u>62,515</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,208,156</u>	<u>\$ 182,515</u>

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Account Number</u>	<u>Grant Period</u>	<u>Program Expenditures</u>	<u>Passed-Through to Subrecipient</u>	<u>Cumulative Expenditures</u>
<b><u>New Jersey Department of Transportation</u></b>					
New Jersey Transportation Trust Fund Act:					
Municipal Aid Program	480-078-6320	Open	\$ 510,432	\$ -	\$ 1,488,172
Highway Safety Fund	100-078-6100-051	Open	24,902	-	296,026
Local Freight Impact Fund	100-078-6070-015	Open	48,623	-	61,958
Obstruction Tree Removal	100-078-6070-015	Open	78,039	-	78,039
<b>Total New Jersey Department of Transportation</b>			<b>661,996</b>	<b>-</b>	<b>1,924,195</b>
<b><u>New Jersey Department of Environmental Protection and Energy</u></b>					
Recycling Tonnage Grant	100-042-4910-224	Various	52,814	-	545,809
No Net Loss Reforestation Project Grant	FS14-013	Various	516,688	-	3,345,066
<b>Total New Jersey Department of Environmental Protection and Energy</b>			<b>569,502</b>	<b>-</b>	<b>3,890,875</b>
<b><u>New Jersey Department of Law and Public Safety</u></b>					
Safe & Secure Communities	00-066-1020-232	Various	55,066	-	276,041
<b>Total New Jersey Department of Law and Public Safety</b>			<b>55,066</b>	<b>-</b>	<b>276,041</b>
<b><u>New Jersey Department of Health and Human Services</u></b>					
Alcohol, Education & Rehabilitation Grant	760-046-4240-001	Various	6,383	-	30,984
<b>Total New Jersey Department of Health and Human Services</b>			<b>6,383</b>	<b>-</b>	<b>30,984</b>
<b><u>New Jersey Department of Commerce &amp; Economic Development</u></b>					
Urban Enterprise Zone Assistance Fund:					
Administrative Budget	763-020-2830-034	Various	1,251	-	364,148
Business Attraction Initiative	763-020-2830-034	Various	96,754	-	332,355
Business to Business Networking Initiative	763-020-2830-034	Various	59,498	-	211,717
Strand Theatre	763-020-2830-034	Various	59,515	-	59,515
Project Management Administration	763-020-2830-034	Various	91,444	-	784,354
<b>Total Urban Enterprise Zone Assistance Fund</b>			<b>308,462</b>	<b>-</b>	<b>1,752,089</b>
<b>Total New Jersey Department of Commerce &amp; Economic Development</b>			<b>308,462</b>	<b>-</b>	<b>1,752,089</b>
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 1,601,409</b>	<b>\$ -</b>	<b>\$ 7,874,184</b>

The Accompanying Notes to the Schedule of Expenditures of State Financial Assistance are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Township of Lakewood. The Township is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of federal awards and state 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.

The amounts shown as current year expenditures represent only the federal or state grant portion of the program costs. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Township did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

**Note 3. Relationship to Basic Financial Statements**

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

	<b>State</b>	<b>Federal</b>	<b>Total</b>
State & Federal Grant Fund	\$ 1,601,409	\$ 1,208,156	\$ 2,809,565
Total	<u>\$ 1,601,409</u>	<u>\$ 1,208,156</u>	<u>\$ 2,809,565</u>

**TOWNSHIP OF LAKEWOOD**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 4. Relationship to Federal and State Financial Reports**

The regulations and guidelines governing the preparation of federal and state financial reports vary by federal and state agency and among programs administered by the same agencies. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts reported in the accompanying Schedules, which is prepared on the modified accrual basis of accounting as explained in Note 2.

**Note 5. Federal and State Loans Outstanding**

The Township had no loan balances outstanding at December 31, 2019.

**Note 6. Contingencies**

Each of the grantor agencies reserves the right to conduct additional audits of the Township's grant program for economy, efficiency and program results. However, the Township administration does not believe such audits would result in material amounts of disallowed costs.

**Note 7. Major Programs**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**TOWNSHIP OF LAKEWOOD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	<div style="text-align: right;">Adverse - GAAP;</div> <div style="text-align: center; border-bottom: 1px solid black;">Unmodified - Regulatory Basis</div>
Internal control over financial reporting:	
1) Material weakness(es) identified?	<div style="display: flex; justify-content: space-between;"> <span>_____ yes</span> <span>_____ <u>X</u> no</span> </div>
2) Significant deficiency(ies) identified?	<div style="display: flex; justify-content: space-between;"> <span>_____ yes</span> <span>_____ <u>X</u> none reported</span> </div>
Noncompliance material to financial statements noted?	<div style="display: flex; justify-content: space-between;"> <span>_____ yes</span> <span>_____ <u>X</u> no</span> </div>

**Federal Awards**

Internal control over major programs:	
1) Material weakness(es) identified?	<div style="display: flex; justify-content: space-between;"> <span>_____ yes</span> <span>_____ <u>X</u> no</span> </div>
2) Significant deficiency(ies) identified?	<div style="display: flex; justify-content: space-between;"> <span>_____ yes</span> <span>_____ <u>X</u> none reported</span> </div>
Type of auditor's report issued on compliance for major programs	<div style="text-align: center; border-bottom: 1px solid black;">Unmodified - Regulatory Basis</div>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	<div style="display: flex; justify-content: space-between;"> <span>_____ yes</span> <span>_____ <u>X</u> no</span> </div>
Identification of major programs:	

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
14.218	Community Development Block Grant - Entitlement Grants Cluster

Dollar threshold used to determine Type A programs	<div style="text-align: center; border-bottom: 1px solid black;">\$ 750,000</div>
Auditee qualified as low-risk auditee?	<div style="display: flex; justify-content: space-between;"> <span>_____ yes</span> <span>_____ <u>X</u> no</span> </div>





**TOWNSHIP OF LAKEWOOD  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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 *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

**TOWNSHIP OF LAKEWOOD  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE**

None

**TOWNSHIP OF LAKEWOOD  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies the status of prior year findings related to the financial statements.

**FINANCIAL STATEMENT FINDINGS**

No Prior Year Findings.

**FEDERAL AWARDS**

No Prior Year Findings.

**STATE FINANCIAL ASSISTANCE**

No Prior Year Findings.

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**TOWNSHIP OF LAKEWOOD**

**PART III**

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2019:

<u>Name</u>	<u>Title</u>
Raymond Coles	Mayor
Menashe P. Miller	Deputy Mayor
Albert D. Akerman	Councilmember
Meir Lichtenstein	Councilmember
Michael J. D'Elia	Councilmember
Patrick Donnelly	Township Manager
William Rieker	Treasurer, Chief Financial Officer
Effie Pressley	Tax Collector, Tax Search Officer
Scott J. Basen	Magistrate
Sheila Wilson	Court Administrator
Steve Secare	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.

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

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 ended December 31, 2019.

#### **GENERAL COMMENTS:**

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

N.J.S.A.40A:11-4 states 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 the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2019.

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

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.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" 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*.

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

*N.J.S.54:4-67*, 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 1, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes:

*NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and*

*BE IT FURTHER RESOLVED, by the Township Council of the Township of Lakewood, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and*

*BE IT FURTHER RESOLVED, by the Township Council of the Township of Lakewood, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.*

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

### **OTHER COMMENTS (FINDINGS):**

None.

### **RECOMMENDATIONS:**

None.

## **Appreciation**

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Toms River, New Jersey  
October 19, 2020