

TOWNSHIP OF LAKEWOOD

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2016**

**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, 2016**

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INDEPENDENT AUDITOR'S REPORT

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

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, County of Ocean, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2016 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

Adverse Opinion on 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 Accounting Principles Generally Accepted in the United States of America” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Lakewood, County of Ocean, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Lakewood, County of Ocean, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental statements and 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 is not a required part of the above financial statements. The schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis 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* respectively, and are also not required parts of the above financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2017, on our consideration of the Township of Lakewood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lakewood's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA #435

Medford, New Jersey
May 18, 2017

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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
County of Ocean
Lakewood, New Jersey 08701

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 (herein referred to as "the Township"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 18, 2017. Our report indicated that the Township's financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA #435

Medford, New Jersey
May 18, 2017

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Regular Fund:			
Cash & Cash Equivalents	A-4	\$ 50,773,217	\$ 40,156,194
Cash - Change Fund	A	1,415	1,315
Due from State of New Jersey	A-10	110,998	112,701
Total Regular Fund		50,885,630	40,270,210
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	4,652,656	3,908,549
Tax Title Liens Receivable	A-7	1,167,793	1,055,494
Abatement Receivable	A-8	26,015	26,015
Property Acquired for Taxes	A-9	50,008,900	51,439,400
Revenue Accounts Receivable	A-11	319,934	433,274
Total Receivable & Other Assets With Full Reserves		56,175,298	56,862,732
Deferred Charges:			
Special Emergency Authorizations	A-12	1,100,000	1,375,000
Total Deferred Charges		1,100,000	1,375,000
Total		108,160,928	98,507,942
Federal & State Grants:			
Due from Current Fund	A-26	462,906	858,447
Federal & State Grants Receivable	A-27	14,281,880	14,241,312
Total Federal & State Grants		14,744,786	15,099,759
Total Assets		\$ 122,905,714	\$ 113,607,701

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2016	2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 4,933,053	\$ 4,648,036
Reserve for Encumbrances	A-3	2,463,876	1,911,450
Accounts Payable	A-14	106,880	184,081
Prepaid Taxes	A-15	1,482,019	988,787
Tax Overpayments	A-16	2,702,122	1,677,183
County Taxes Payable	A-17	829,311	644,617
Due to State of New Jersey	A-21	50,050	76,144
Interfunds Payable	A-24	1,708,980	2,476,136
Deposits on Sale of Property	A-22	338,000	362,652
Due to Lakewood Housing	A-23	1,382,382	42
Special Emergency Notes Payable	A-25	1,100,000	1,375,000
Prepaid Tax Abatements	A	-	59
Various Reserves	A-20	5,428,683	5,725,599
Total Liabilities		22,525,356	20,069,786
Reserves for Receivables & Other Assets	A	56,175,298	56,862,732
Fund Balance	A-1	29,460,274	21,575,424
Total Regular Fund		108,160,928	98,507,942
State & Federal Grants:			
Reserve for State & Federal Grants:			
Encumbered	A-28	270,371	881,016
Reserved	A-28	14,474,415	14,218,743
Total State & Federal Grants		14,744,786	15,099,759
Total Liabilities, Reserves & Fund Balance		\$ 122,905,714	\$ 113,607,701

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 9,696,675	\$ 7,432,940
Miscellaneous Revenue Anticipated	16,091,978	20,281,100
Receipts from Delinquent Taxes	3,867,511	3,885,699
Receipts from Current Taxes	188,476,118	176,994,178
Nonbudget Revenues	8,183,140	7,863,221
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	3,813,877	1,852,520
Cancellation of Grant Appropriated Reserve	128,637	-
Close out Tent City	-	18
Cancellation of Accounts Payable	117,034	-
Interfunds Returned	6,515	11,167
Total	230,381,485	218,320,843
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	29,688,340	28,192,892
Other Expenses	27,503,064	28,030,393
Deferred Charges & Statutory Expenditures	6,086,047	5,785,311
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	3,866,553	8,974,923
Capital Improvements	3,121,800	1,047,600
Municipal Debt Service	6,038,879	6,159,813
Deferred Charges	330,862	686,503
Judgements	-	100,000
Transfer to Board of Education for Use of Local Schools	1,000,000	-
Local School District Taxes	93,496,265	88,001,082
County Taxes Payable	36,297,557	32,778,328
Fire District Taxes Payable	4,465,410	3,600,852
Cancellation of Grant Receivable Without Appropriation	124,409	1,878
Prior Year Senior Citizens' and Vets' Disallowed	34,001	26,065
Refund of Prior Year Revenue	746,773	-
Total	212,799,960	203,385,640
Excess in Revenue	17,581,525	14,935,203
Expenditures Included Above which are by Statute		
Deferred Charges to Budgets of Succeeding Years	-	1,375,000
Statutory Excess to Fund Balance	17,581,525	16,310,203
Fund Balance January 1,	A 21,575,424	12,698,161
Total	39,156,949	29,008,364
Less: Amount of Fund Balance Utilized as Revenue	A-2 9,696,675	7,432,940
Fund Balance December 31,	A \$ 29,460,274	\$ 21,575,424

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, 2016**

	ANTICIPATED			
	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Fund Balance Anticipated	\$ 9,696,675	\$ -	\$ 9,696,675	\$ -
Miscellaneous Revenues Anticipated:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	80,000	-	91,638	11,638
Other	130,000	-	116,341	(13,659)
Fees & Permits:				
Uniform Construction Code	1,800,000	-	3,191,848	1,391,848
Other	550,000	-	690,724	140,724
Fines & Costs - Municipal Court	680,000	-	736,490	56,490
Interest & Costs on Taxes	700,000	-	898,785	198,785
Police Identification Fees	16,000	-	18,421	2,421
Payment in Lieu of Taxes:				
Sons of Israel	75,000	-	16,922	(58,078)
Consolidated Municipal Property Tax Relief	388,342	-	388,342	-
Energy Receipts Tax	4,769,265	-	4,769,265	-
Tax Abatement Program Revenues	100,000	-	242,651	142,651
Emergency Medical Services	750,000	-	1,084,354	334,354
Recycling Revenues from County	80,000	-	61,915	(18,085)
General Capital Fund Balance	135,000	-	135,000	-
Municipal Hotel & Occupancy Tax	120,000	-	144,531	24,531
Police Off-Duty Funds	250,000	-	338,563	88,563
Cell Tower Lease	90,000	-	98,389	8,389
Cable TV Franchise Fees	167,419	-	167,419	-
Federal & State Grants:				
Recycling Tonnage Grant	117,920	-	117,920	-
Safe & Secure Communities Program	60,000	-	60,000	-
Clean Communities	-	135,359	135,359	-
Cops in Shops	-	5,600	5,600	-
Body Armor Replacement Grant	-	10,605	10,605	-
NJDOT 2016 Municipal Aid Program	351,726	-	351,726	-
Drive Sober or Get Pulled Over - 2015 Holiday Crackdown	-	5,000	5,000	-
Drive Sober or Get Pulled Over - 2016 Labor Day	-	5,000	5,000	-
Edward Byrne Memorial Justice Grant	-	13,149	13,149	-
Click It or Ticket	-	5,000	5,000	-
Municipal Alcohol Education/Rehabilitation Program	-	7,675	7,675	-
Community Development Block Grant	-	1,200,529	1,200,529	-
USDOT-FAA Construct Taxiway-Phase II	544,276	-	544,276	-
NJDOT-Construct Taxiway to Runway 24 End -State Share	30,237	-	30,237	-
USDOT-FAA-Acquire Land for Approaches-Runway 6-Phase II	222,804	-	222,804	-
Urban Enterprise Zone:				
Business to Business Networking Initiative 3	-	65,500	65,500	-
Business Assistance Initiative 6	-	100,000	100,000	-
Hatzolah Emergency Medical Services Inc - Vehicle	-	20,000	20,000	-
Total Miscellaneous Revenue	12,207,989	1,573,417	16,091,978	2,310,572
Receipts From Delinquent Taxes	3,200,000	-	3,867,511	667,511
Amount to be Raised by Taxes	55,545,000	-	58,804,389	3,259,389
Nonbudget Revenues	-	-	8,183,140	8,183,140
Total	\$ 80,649,664	\$ 1,573,417	\$ 96,643,693	\$ 14,420,612

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, 2016**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collection	\$ 188,476,118
Net Revenue from Collections	188,476,118
Allocated to School, County & Fire District Taxes	134,259,232
Balance for Support of Municipal Budget Appropriations	54,216,886
Add: Reserve for Uncollected Taxes	4,587,503
Amount for Support of Municipal Budget Appropriations	<u>\$ 58,804,389</u>
Analysis of Delinquent Taxes:	
Tax Title Liens	\$ 613
Delinquent Taxes	3,866,898
Total Receipts From Delinquent Taxes	<u>\$ 3,867,511</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Interest on Investments & Deposits	\$ 109,614
Recycling	22,574
Macedonia/Senior Housing	30,448
Lakewood Housing Authority-PILOT	27,173
Miscellaneous Other (MRNA)	22,120
Miscellaneous - Tax Collector	6,396
Miscellaneous - Municipal Court	889
Cancel Outstanding Checks	9,265
American Baseball Utility Reimbursement	12,666
Co-Gen Host Community Fees	119,587
Lakewood Board of Education - Fuel Usage Reimbursement	68,334
Lakewood Housing - Fuel Reimbursement	4,518
Lakewood MUA - Fuel Usage Reimbursement	9,528
Street Opening Fees	24,625
Crossing Guard Reimbursement	5,293
Airport Lease - Aviation Charter	14,680
Liquor License Bid	187,000
Lakewood Plaza II-Pilot	132,756
DMV Inspection Fines	150
Ocean County JIF Dividend	84,977
Sale of Municipal Property	6,060,846
Verizon Franchise Fee	35,207
Foreign Trade Zone Fees	11,378
Ocean County HIF Dividend	460,092
Ocean County Polling Places Fee	721
Postage Refunds	3
Other Copies	1,059
Copies Engineering	945
Property Maintenance	5,933
Congregation Ahavas Chesed	9,953
Senior & Veteran - State Admin Fees	10,354
QUAL-LYNX/Ocean Co. Mun JIF	52,402
Township Auction Proceeds	18,456
Lease of Property	15,000
Tax Sale - Tax Penalty	10,079
Stewart Bill Reimbursement Grant	16,500
Lease Yeshiva Mekor Hatorah	27,122
Lakewood Fire Commissioners - Fuel Reimbursement	9,719
Vacation of Streets - Easements	8,750
Banquest Fee Refunds	75,075
Miscellaneous	460,953
Total	<u>\$ 8,183,140</u>

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, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELLED
GENERAL GOVERNMENT FUNCTIONS:					
Administrative & Executive:					
Office of the Manager					
Salaries and Wages	\$ 461,364	\$ 419,364	\$ 354,568	\$ 64,796	\$ -
Other Expenses	18,100	18,100	16,887	1,213	-
Governing Body:					
Salaries and Wages	140,667	147,067	147,067	-	-
Other Expenses	107,600	107,600	105,178	2,422	-
Office of the Clerk:					
Salaries and Wages	330,008	330,008	318,234	11,774	-
Other Expenses	64,600	64,600	37,759	26,841	-
Purchasing Department:					
Salaries and Wages	130,080	132,080	131,822	258	-
Other Expenses	212,350	212,350	210,626	1,724	-
Financial Administration					
Salaries and Wages	350,396	343,396	336,794	6,602	-
Other Expenses	63,840	70,840	66,144	4,696	-
Audit Services:					
Other Expenses	60,000	60,000	-	60,000	-
Computer Center:					
Salaries and Wages	79,028	79,028	75,526	3,502	-
Other Expenses	183,500	183,500	166,857	16,643	-
Collection of Taxes:					
Salaries and Wages	276,510	276,510	266,395	10,115	-
Other Expenses	65,150	65,150	33,987	31,163	-
Assessment of Taxes:					
Salaries and Wages	380,834	380,834	377,689	3,145	-
Other Expenses	179,229	179,229	127,640	51,589	-
Liquidation of Tax Liens & Foreclosed Property:					
Other Expenses	20,500	20,500	-	20,500	-
Legal Services & Costs:					
Other Expenses	863,000	863,000	673,013	189,987	-
Engineering Services & Costs:					
Other Expenses	965,250	965,250	793,832	171,418	-
Department of Economic Development:					
Salaries and Wages	140,800	143,500	143,477	23	-
Other Expenses	5,000	5,000	955	4,045	-
Civil Rights Commission (N.J.S. 18:25-10):					
Other Expenses	1,250	1,250	-	1,250	-
Advisory Board on Disability:					
Other Expenses	1,500	1,500	-	1,500	-
Tourism Advisory Committee:					
Other Expenses	3,500	3,500	-	3,500	-
Veterans Advisory Committee:					
Other Expenses	30,000	30,000	30,000	-	-
Municipal Support Services					
Other Expenses	50,000	50,000	50,000	-	-
LAND USE ADMINISTRATION:					
Planning Board:					
Other Expenses	43,000	53,000	47,970	5,030	-
Zoning Board:					
Other Expenses	73,900	68,900	28,615	40,285	-
PUBLIC SAFETY FUNCTIONS:					
Police:					
Salaries and Wages	17,714,575	17,657,575	17,292,347	365,228	-
Other Expenses	974,000	1,014,000	1,011,967	2,033	-
Emergency Management Services:					
Salaries and Wages	50,000	50,000	-	50,000	-
Other Expenses	68,320	68,320	66,929	1,391	-
Emergency Medical Technicians:					
Salaries and Wages	952,020	942,020	850,841	91,179	-
Other Expenses	141,815	141,815	130,364	11,451	-
Municipal Prosecutor:					
Other Expenses	81,000	81,000	68,750	12,250	-

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
PUBLIC WORKS FUNCTION:					
Road Repairs & Maintenance:					
Salaries and Wages	1,510,018	1,270,018	1,217,354	52,664	-
Other Expenses	410,850	445,850	445,415	435	-
Street Cleaning:					
Salaries and Wages	138,922	108,922	100,781	8,141	-
Other Expenses	18,300	18,300	18,300	-	-
Department of Public Works:					
Salaries and Wages	829,814	829,814	789,630	40,184	-
Other Expenses	47,100	48,600	47,263	1,337	-
Shade Tree Commission:					
Salaries and Wages	146,944	150,144	148,570	1,574	-
Other Expenses	9,980	9,980	3,888	6,092	-
Cross Street Landfill Maintenance:					
Other Expenses	10,000	10,000	2,781	7,219	-
Garbage & Trash Removal:					
Salaries and Wages	1,284,805	1,383,805	1,345,770	38,035	-
Other Expenses	210,000	235,000	211,991	23,009	-
Recycling:					
Salaries and Wages	929,688	1,070,088	1,053,552	16,536	-
Other Expenses	67,500	84,500	71,616	12,884	-
Public Buildings & Grounds:					
Salaries and Wages	301,846	286,846	268,300	18,546	-
Other Expenses	177,000	232,000	219,821	12,179	-
Apartment Trash Reimbursements:					
Other Expenses	590,000	590,000	351,751	238,249	-
Automotive Mechanics:					
Salaries and Wages	428,389	492,389	486,005	6,384	-
Municipal Garage:					
Salaries and Wages	94,063	54,063	48,427	5,636	-
Other Expenses	115,500	130,500	117,442	13,058	-
Community Services Act:					
Other Expenses	1,225,000	1,225,000	1,028,354	196,646	-
MUNICIPAL COURT FUNCTIONS:					
Municipal Court:					
Salaries and Wages	462,560	442,560	414,178	28,382	-
Other Expenses	99,975	128,975	127,337	1,638	-
Public Defender:					
Other Expenses	45,000	45,000	11,300	33,700	-
HEALTH & HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries and Wages	107,000	91,700	73,507	18,193	-
Other Expenses	2,650	2,650	1,346	1,304	-
Environmental Commission (N.J.S. 40:56-A-1, et seq.):					
Other Expenses	2,000	2,000	1,539	461	-
Animal Control					
Salaries and Wages	81,136	87,436	87,019	417	-
Other Expenses	72,800	72,800	57,842	14,958	-
Relocation Assistance Program					
Other Expenses	7,500	7,500	-	7,500	-
Senior & Social Services:					
Other Expenses	250,000	250,000	250,000	-	-
Lakewood Community Services Corporation (N.J.S.A. 40:23-8.17)	40,000	80,000	80,000	-	-
PARKS & RECREATION FUNCTIONS:					
Recreation:					
Salaries and Wages	223,050	223,050	219,148	3,902	-
Other Expenses	41,900	41,900	30,433	11,467	-
Community Center:					
Salaries and Wages	115,540	115,540	98,430	17,110	-
Other Expenses	27,650	27,650	7,790	19,860	-
Parks & Playgrounds:					
Salaries and Wages	892,052	859,052	819,118	39,934	-
Other Expenses	145,050	145,050	133,338	11,712	-
OTHER COMMON OPERATING FUNCTIONS:					
Accumulated Leave Compensation	10,000	10,000	10,000	-	-
Celebration of Public Events:					
Other Expenses	15,000	15,000	12,000	3,000	-
Transfer to Lakewood Airport Authority	90,000	90,000	74,087	15,913	-
Lakewood Public Transportation	375,000	375,000	266,553	108,447	-

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, 2016**

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
CODE ENFORCEMENT & ADMINISTRATION:					
State Uniform Construction Code Officials:					
Salaries and Wages	1,417,345	1,417,345	1,409,165	8,180	-
Other Expenses	356,300	356,300	275,932	80,368	-
Property Maintenance Code:					
Salaries and Wages	47,686	47,686	47,675	11	-
INSURANCE:					
Liability Insurance	972,510	972,510	972,510	-	-
Workers Compensation Insurance	978,557	978,557	978,557	-	-
Group Insurance Plan for Employees	10,050,000	10,050,000	9,926,560	123,440	-
Health Insurance Waivers	200,000	200,000	176,858	23,142	-
UTILITY EXPENSES & BULK PURCHASES:					
Electricity	413,000	413,000	343,117	69,883	-
Street Lighting	1,120,000	1,120,000	802,052	317,948	-
Telephone	194,000	194,000	162,783	31,217	-
Water	62,000	62,000	47,648	14,352	-
Natural Gas	136,000	136,000	70,092	65,908	-
Gasoline	1,154,000	1,005,800	609,747	396,053	-
Stadium Utilities	36,000	36,000	26,747	9,253	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Landfill Disposal Costs	3,176,238	3,176,238	2,910,062	266,176	-
Total Operations Within CAPS	57,247,904	57,183,904	53,473,714	3,710,190	-
Contingent	7,500	7,500	-	7,500	-
Total Operations Including Contingent Within "CAPS"	57,255,404	57,191,404	53,473,714	3,717,690	-
Detail:					
Salaries and Wages	30,017,140	29,688,340	28,777,912	910,428	-
Other Expenses	27,238,264	27,503,064	24,695,802	2,807,262	-
DEFERRED CHARGES & STATUTORY EXPENDITURES WITHIN CAPS:					
Statutory Expenditures:					
Contributions to Employees Retirement System	1,295,387	1,295,387	1,295,387	-	-
Social Security System (O.A.S.I.)	1,230,000	1,294,000	1,272,904	21,096	-
NJ Police & Fireman's Retirement System	3,483,360	3,483,360	3,483,360	-	-
Volunteer Firemen's Widow Pension					
R.S.43:12-28.2	4,800	4,800	4,800	-	-
Defined Contribution Retirement Program	8,500	8,500	2,832	5,668	-
Deferred Charges & Statutory Expenditures Within CAPS	6,022,047	6,086,047	6,059,283	26,764	-
Total Appropriations Within CAPS	63,277,451	63,277,451	59,532,997	3,744,454	-
OPERATIONS - EXCLUDED FROM CAPS					
Recycling Tax:					
Other Expenses	123,762	123,762	123,762	-	-
Declared State of Emergency Costs for					
Snow Removal	400,000	400,000	400,000	-	-
SMFP Fire District Payments	47,327	47,327	47,327	-	-
Total Operations Excluded from "CAPS"	571,089	571,089	571,089	-	-

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELLED
Public & Private Programs Offset by Revenues:					
Safe & Secure Communities Program:					
State Share	60,000	60,000	60,000	-	-
Local Share	334,847	334,847	334,847	-	-
Clean Communities Program	-	135,359	135,359	-	-
Alcohol Education & Rehabilitation Fund	-	7,675	7,675	-	-
Recycling Tonnage Grant	117,920	117,920	117,920	-	-
US DOT-FAA-Construct Taxiway-Phase II	544,276	544,276	544,276	-	-
NJDOT-Constuct Taxiway to Runway 24 End-State Share	30,237	30,237	30,237	-	-
NJDOT-Construct Taxiway to Runway 24 End-Local Share	30,237	30,237	30,237	-	-
USDOT-FAA-Acquire Land for Approaches-Runway 6-Phase II	222,804	222,804	222,804	-	-
Matching Funds for Grants	30,000	30,000	9,000	21,000	-
Urban Enterprise Zone:					
Business Assistace Initiative 6	-	100,000	100,000	-	-
Business to Business Networking 3	-	65,500	65,500	-	-
Hatzolah Emergency Medical Services Inc - Vehicle	-	20,000	20,000	-	-
NJDOT 2016 Municipal Aid Program	351,726	351,726	351,726	-	-
CDBG HUD Block Grant #B-15-MC-34-0128	-	1,200,529	1,200,529	-	-
Cops in Shops	-	5,600	5,600	-	-
Drive Sober or Get Pulled Over	-	10,000	10,000	-	-
2016 Body Armor	-	10,605	10,605	-	-
Edward Byrne Memorial Justice Assistance Grant	-	13,149	13,149	-	-
Click It or Ticket	-	5,000	5,000	-	-
<hr/>					
Total Public & Private Programs Offset by Revenues	1,722,047	3,295,464	3,274,464	21,000	-
<hr/>					
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	200,000	200,000	200,000	-	-
Computerization of Gas Pumps at Public Works Facility	25,000	25,000	18,882	6,118	-
Municipal Building Security System Installation	250,000	250,000	126,497	123,503	-
Purchase of Two Ambulances	260,000	260,000	236,628	23,372	-
Replace Windows & Doors at Various Municipal Buildings	75,000	75,000	11,987	63,013	-
Refurbish/Replace Playground Equipment	175,000	175,000	174,536	464	-
Demolition of Old Public Works Building/Construction of Playground	325,000	325,000	96,150	228,850	-
Police Shooting Range and SWAT Facility Construction	300,000	300,000	49,500	250,500	-
Drainage Construction	516,800	516,800	61,555	455,245	-
Three Sanitation Trucks	830,000	830,000	830,000	-	-
Five 40 Yard Containers	40,000	40,000	38,136	1,864	-
Public Works Computer and Software Updates	125,000	125,000	110,331	14,669	-
<hr/>					
Total Capital Improvements - Excluded from CAPS	3,121,800	3,121,800	1,954,202	1,167,598	-
<hr/>					
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	4,225,000	4,225,000	4,225,000	-	-
Payment of Bond Anticipation Notes	500,000	500,000	500,000	-	-
Interest on Bonds	1,186,305	1,186,305	1,186,305	-	-
Interest on Notes	127,607	127,607	127,574	-	33
<hr/>					
Total Municipal Debt Service - Excluded from CAPS	6,038,912	6,038,912	6,038,879	-	33

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Deferred Charges - Excluded from "CAPS":					
Special Emergency Authorizations - 5 Years	275,000	275,000	275,000	-	-
Ordinance #-96-28 - Various Capital Improvements	55,303	55,303	55,303	-	-
Ordinance #98-63 - Acquisition of Land	464	464	464	-	-
Ordinance #2001-39 - Public Parking Lots	95	95	94	1	-
Total Deferred Charges - Municipal - Excluded from CAPS:	330,862	330,862	330,861	1	-
Transferred to Board of Education for Use of Local Schools	1,000,000	1,000,000	1,000,000	-	-
Total General Appropriations Excluded from CAPS	12,784,710	14,358,127	13,169,495	1,188,599	33
Subtotal General Appropriations	76,062,161	77,635,578	72,702,492	4,933,053	33
Reserve For Uncollected Taxes	4,587,503	4,587,503	4,587,503	-	-
Total General Appropriations	<u>\$ 80,649,664</u>	<u>\$ 82,223,081</u>	<u>\$ 77,289,995</u>	<u>\$ 4,933,053</u>	<u>\$ 33</u>
Budget		\$ 80,649,664			
Added by N.J.A. 40A:4-87		<u>1,573,417</u>			
Total		<u>\$ 82,223,081</u>			
Disbursements			\$ 67,793,706		
Refunds of Current Year Appropriations			(1,095,554)		
Reserve for Encumbrances			2,463,876		
Appropriated Reserves for Federal & State Grants			3,265,464		
Deferred Charges			275,000		
Reserve for Uncollected Taxes			<u>4,587,503</u>		
Total			<u>\$ 77,289,995</u>		

**TOWNSHIP OF LAKEWOOD
TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
Animal Control Trust Fund:			
Due from State of New Jersey	B-5	\$ 367	\$ 363
Interfund - Current Fund	B-4	<u>22,761</u>	<u>22,541</u>
Total Animal Control Fund		<u>23,128</u>	<u>22,904</u>
Grant Trust Fund:			
Cash	B-1	<u>200,024</u>	<u>199,525</u>
General Trust Fund:			
Cash & Cash Equivalents	B-1	10,380,484	9,340,402
Investments	B-2	512,561	511,423
Interfund - Current Fund	B-7	<u>1,223,313</u>	<u>1,595,148</u>
Total General Trust Fund		<u>12,116,358</u>	<u>11,446,973</u>
Total Assets		<u><u>\$ 12,339,510</u></u>	<u><u>\$ 11,669,402</u></u>
 LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-3	<u>\$ 23,128</u>	<u>\$ 22,904</u>
Total Animal Control Fund		<u>23,128</u>	<u>22,904</u>
Grant Trust Fund:			
Reserve for Revolving Loan Grant	B-6	<u>200,024</u>	<u>199,525</u>
General Trust Fund:			
Various Reserves	B-8	<u>12,116,358</u>	<u>11,446,973</u>
Total General Trust Fund		<u>12,116,358</u>	<u>11,446,973</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 12,339,510</u></u>	<u><u>\$ 11,669,402</u></u>

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

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Cash & Cash Equivalents	C-2	\$ 1,466,980	\$ 4,464,973
Deferred Charges to Future Taxation:			
Funded	C-4	32,140,000	36,475,000
Unfunded	C-5	19,027,657	25,615,788
Prospective Assessments Raised by Taxation	C-6	3,600	3,600
Total Assets		<u>\$ 52,638,237</u>	<u>\$ 66,559,361</u>
LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Encumbered	C-7	\$ 936,245	\$ 2,676,106
Funded	C-7	10,208	114,911
Unfunded	C-7	6,198,697	15,390,785
Serial Bonds	C-8	32,140,000	36,475,000
Bond Anticipation Notes	C-9	12,930,000	11,480,000
Capital Improvement Fund	C-10	143,610	160,610
Reserve for Improvements	C-11	9,716	9,716
Reserve for Prospective Assessments Raised by Taxation	C	3,600	3,600
Reserve for Renewal & Replacement	C-12	101,356	101,356
Reserve for Bond Funding COI 2014	C-14	-	7,037
Reserve for Bond Funding COI 2016	C-15	7,657	-
Fund Balance	C-1	157,148	140,240
Total Liabilities, Reserves & Fund Balance		<u>\$ 52,638,237</u>	<u>\$ 66,559,361</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$ 6,240,212 and on December 31, 2015 was \$14,135,788.

**TOWNSHIP OF LAKEWOOD
PAYROLL FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	<u>2016</u>	<u>2015</u>
Cash	<u>\$ 567,741</u>	<u>\$ 377,548</u>
Total Assets	<u><u>\$ 567,741</u></u>	<u><u>\$ 377,548</u></u>
LIABILITIES & RESERVES		
Payroll Reserve	\$ 232,774	\$ 89,831
Due to Various Agencies	<u>334,967</u>	<u>287,717</u>
Total Liabilities & Reserves	<u><u>\$ 567,741</u></u>	<u><u>\$ 377,548</u></u>

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

**TOWNSHIP OF LAKEWOOD
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	<u>2016</u>	<u>2015</u>
General Fixed Assets:		
Land	\$ 6,989,500	\$ 6,989,500
Buildings	25,225,305	25,225,305
Furniture & Fixtures, Equipment & Vehicles	<u>17,309,103</u>	<u>16,594,048</u>
 Total	 <u><u>\$ 49,523,908</u></u>	 <u><u>\$ 48,808,853</u></u>
 FUND BALANCE		
Total Investment in General Fixed Assets	<u><u>\$ 49,523,908</u></u>	<u><u>\$ 48,808,853</u></u>

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

**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies

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

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

Component Units

Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and 61, establishes criteria to be used in determining the component units, which should be included in the financial statements of an oversight entity. The criteria differ from the New Jersey Division of Local Government Services', whereby certain boards, commission, and agencies of the Township, by statute or other directive, report separately their own financial statements.

The basic financial statements of the Township include all government activities, organizations and functions for which the Township exercises significant oversight responsibility and which it has appropriated funds in accordance with statutory requirements, except for the Lakewood Development Corporation, Lakewood Municipal Utilities Authority and the Lakewood Housing Authority.

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

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

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

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

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

Payroll Fund – is used for the receipt and disbursements of funds used to meet obligations to employees and payroll tax liability.

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

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

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

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. *N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

The Township of Lakewood 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, 2016

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

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

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

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

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

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

	Balance December 31, 2015			Balance December 31, 2015		
		Additions	Deletions			
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500		
Building	25,225,305	-	-	25,225,305		
Furniture & Fixtures, Equipment & Vehicles	16,594,048	715,055	-	17,309,103		
Total	<u>\$ 48,808,853</u>	<u>\$ 715,055</u>	<u>\$ -</u>	<u>\$ 49,523,908</u>		

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

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

Fund Balance – Fund balances included in the Current Fund represents amounts available for anticipation as revenue in future year's budgets, with certain restrictions.

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

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

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

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

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

Reserve for Uncollected Taxes – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the township's annual budget projects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures – Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Township implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Township is required to measure certain investments at fair value for financial reporting purposes. In addition, the Township is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Township's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

Subsequent Events - The Township of Lakewood has evaluated subsequent events occurring after December 31, 2016 through the date of May 18, 2017, which is the date the financial statements were available to be issued.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. Cash and Cash Equivalents

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2016, and reported at fair value are as follows:

Deposits:

Demand Deposits	<u>\$ 63,389,861</u>
Total Deposits	<u>\$ 63,389,861</u>

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

Current:	
Treasurer	\$ 50,774,632
Grant Trust	200,024
Other Trust	10,380,484
Payroll Trust	567,741
General Capital	<u>1,466,980</u>
Total	<u>\$ 63,389,861</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be recovered. 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 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, 2016, the Township's bank balance of \$65,707,473 was exposed to custodial credit risk as follows:

Insured	\$ 1,164,140
Uninsured and uncollateralized	11,379,430
Collateralized in the District's Name Under GUDPA	<u>53,163,903</u>
Total	<u>\$65,707,473</u>

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. Investments

A. Custodial Credit Risk

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

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2016, are provided in the schedule on the following page.

C. Investment Credit Risk

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

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

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. Investments (continued):

As of December 31, 2016, the Township had the following investments and maturities:

<u>Investment</u>	<u>Description</u>	<u>Maturity</u>	<u>Fair Value</u>
Trust Other	U.S. Taxable Bonds	Various	<u>\$ 512,561</u>
Total Investment			<u>\$ 512,561</u>

Note 4. 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.

	2016	2015	2014
Total Tax Rate	<u>\$2.930</u>	<u>\$2.835</u>	<u>\$2.689</u>
Apportionment of Tax Rate:			
Municipal	0.861	0.861	0.861
County	0.550	0.513	0.467
Local School	1.449	1.403	1.306
Fire District	0.070	0.058	0.055

Net Valuation Taxable:

2016	<u>\$ 6,451,459,200</u>	
2015	<u>\$ 6,271,965,700</u>	
2014		<u>\$ 6,163,648,740</u>

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2016	\$ 193,527,697	\$ 188,476,118	97.39%
2015	181,444,332	176,994,178	97.55%
2014	168,349,041	163,882,545	97.35%

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 4. Property Taxes (continued):

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2016	\$ 1,167,793	\$ 4,652,656	\$ 5,820,449	3.01%
2015	1,055,494	3,908,549	4,964,043	2.74%
2014	1,047,447	3,890,567	4,938,014	2.93%

Note 5. Property Acquired By Tax Title Lien Liquidation

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

YEAR	AMOUNT
2016	\$ 50,008,900
2015	51,439,400
2014	52,336,800

Note 6. Interfund Receivables and Payables

The following interfunds remained as of December 31, 2016:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 1,708,980
Federal and State Grant Fund	462,906	-
Trust - Animal Control Fund	22,761	-
Trust - Other Fund	1,223,313	-
	<u>\$ 1,708,980</u>	<u>\$ 1,708,980</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.

The summary of interfund transfers follows:

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 6. Interfund Receivables and Payables (continued):

Fund	Transfers In	Transfers Out
Current Fund	\$ 3,319,501	\$ 4,086,657
Federal and State Grant Fund	3,620,437	3,224,896
General Capital Fund	4,656	4,656
Trust - Other Fund	447,868	76,033
Trust - Animal Control Fund	13,696	13,916
	\$ 7,406,158	\$ 7,406,158

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 7. Fund Balance Appropriated

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2016	\$ 29,460,274	\$ 14,984,240	50.86%
2015	21,575,424	9,696,675	44.94%
2014	12,698,161	7,432,940	58.54%
2013	6,711,046	5,700,000	84.93%
2012	6,174,884	5,100,000	82.59%

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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.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, 2016

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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to 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 allocations and the schedules of pension amounts by employer (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 2016, 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.

Components of Net Pension Liability - At December 31, 2016, the Municipality reported a liability of \$43,980,848 for its proportionate share of the PERS net pension liability. The net pension liability was

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

measured as of June 30, 2016. 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, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .14850%, which was an increase of .00450% from its proportion measured as of June 30, 2015.

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	12,797,867	4,834,403
Deferred Inflows of Resources	211,781	788,419
Net Pension Liability	43,980,848	32,323,997
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.14850%	0.14400%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 817,910	\$ -
Changes of Assumptions	9,110,482	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,677,030	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>1,192,445</u>	<u>211,781</u>
	<u>\$ 12,797,867</u>	<u>\$ 211,781</u>

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

	Year Ending		
	<u>Dec 31,</u>	<u>PERS</u>	
	2017	\$ 2,825,833	
	2018	2,825,836	
	2019	3,232,218	
	2020	2,703,263	
	2021	998,936	
		<u>\$ 12,586,086</u>	
		<u>Deferred Outflows</u>	<u>Deferred Inflows of</u>
		<u>of Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience			
Year of Pension Plan Deferral:			
June 30, 2014		-	-
June 30, 2015		5.72	-
June 30, 2016		5.57	-
Changes of Assumptions			
Year of Pension Plan Deferral:			
June 30, 2014		6.44	-
June 30, 2015		5.72	-
June 30, 2016		5.57	-
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	-
Changes in Proportion and Differences between Municipality 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

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

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:

<u>PERS</u>	
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 53,893,395	\$ 43,980,848	\$ 35,797,180

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

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.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, 2016

Note 8. Pension Obligations (continued):

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. 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 2016, 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. Municipality contributions to PFRS amounted to \$3,297,191 for 2016.

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

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$77,202,660. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .040414%, which was a decrease of .00148% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015		
	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	16,623,168	13,158,786
Deferred Inflows of Resources	1,064,906	2,256,632
Net Pension Liability	77,202,660	67,564,313
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.40414%	0.40563%

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016, the Municipality 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	\$ -	\$ 506,075
Changes of Assumptions	10,693,203	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,409,435	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>520,530</u>	<u>558,831</u>
	<u><u>\$ 16,623,168</u></u>	<u><u>\$ 1,064,906</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

Year Ending <u>Dec 31,</u>	<u>PFRS</u>
2017	\$ 3,755,248
2018	3,755,249
2019	5,071,548
2020	2,920,173
2021	<u>56,044</u>
	<u><u>\$ 15,558,262</u></u>

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
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	-
Changes in Proportion and Differences between Municipality 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

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.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

Additionally, the State's proportionate share of the net pension liability attributable to the Municipality is \$6,483,109.00 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality'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, 2016 was .05670%, which was an increase of .00095% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality's.

Municipality's Proportionate Share of the Net Pension Liability	\$ 77,202,660
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	<u>6,483,109</u>
Total Net Pension Liability	<u>\$ 83,685,769</u>

For the year ended December 31, 2016, the Municipality's total allocated pension expense was \$8,277,423.

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:

	<u>PFRS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

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

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

	Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 107,906,663	\$ 83,685,769	\$ 63,935,087

Note 9. Compensated Absences

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

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

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

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 10. Long-Term Liabilities:

During the fiscal year ended December 31, 2016 the following changes occurred in capital debt and long-term liabilities:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
General Obligation Bonds	\$ 36,475,000	\$ 4,690,000	\$ (9,025,000)	\$ 32,140,000	\$ 3,620,000
Bond Anticipation Notes	11,480,000	12,930,000	(11,480,000)	12,930,000	12,930,000
Total	<u>\$ 47,955,000</u>	<u>\$ 17,620,000</u>	<u>\$ (20,505,000)</u>	<u>\$ 45,070,000</u>	<u>\$ 16,550,000</u>

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the Township are general obligations bonds backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects prior to the issuance of serial bonds. The terms of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on.

Summary of Municipal Debt	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
Issued & Outstanding			
General:			
Bonds, Loans & Notes	<u>\$ 45,070,000</u>	<u>\$ 47,955,000</u>	<u>\$ 45,545,000</u>
Net Debt Issued	<u>45,070,000</u>	<u>47,955,000</u>	<u>45,545,000</u>
Authorized But Not Issued			
General - Bonds & Notes	<u>6,240,212</u>	<u>14,135,788</u>	<u>9,191,081</u>
Total Issued & Authorized but Not Issued	<u>51,310,212</u>	<u>62,090,788</u>	<u>54,736,081</u>
Less:			
Bonds per N.J.S.A.40A:2-52	<u>632,657</u>	<u>740,000</u>	<u>840,000</u>
Total	<u>632,657</u>	<u>740,000</u>	<u>840,000</u>
Net Bonds & Notes Issued & Authorized but Not Issued	<u>\$ 50,677,555</u>	<u>\$ 61,350,788</u>	<u>\$ 53,896,081</u>

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 10. Long-Term Liabilities (continued):

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.797%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 33,447,241	\$ 33,447,241	\$ -
General Debt	51,310,213	632,657	50,677,556
	<hr/>	<hr/>	<hr/>
Total	\$ 84,757,454	\$ 34,079,898	\$ 50,677,556
	<hr/>	<hr/>	<hr/>

Net Debt, \$50,667,556 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$8,281,708,862 equals 0.610%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 289,859,810
Net Debt	<u>50,677,556</u>
Remaining Borrowing Power	<u>\$ 239,182,254</u>

As of December 31, 2016, the Township's Long-Term Debt is as follows:

General Obligation Bonds:

\$9,800,000 2007 Bonds due in annual installments of \$300,000 to \$500,000 Through November 1, 2017 at interest rates ranging from 4.00% to 4.100%.	\$ 500,000
\$21,800,000 2008 Bonds due in annual installments of \$970,000 Through November 1, 2018 at an interest rate of 5.0%	1,940,000
2009 Refunding Bond Issue due in annual installments of \$480,000 through January 2017 at interest rate of 5.0%.	480,000
2012 General Improvement Refunding Bond Issue due in annual installments of \$705,000 to 790,000 through January 2020 at interest rate of 4.0%	2,990,000
2012 Pension Obligation Refunding Bond Issue due in annual installments of \$50,000 to 165,000 through January 2020 at interest rates ranging from 2.00% to 3.50%.	625,000
2014 General Obligation Bonds Issue due in annual installments of \$375,000 to 725,000 through March 2026 with interest ranging from 2.0% to 3.0% .	7,230,000
2014 Refunding Bonds Issue due in annual installments of \$130,000 to \$1,110,000 through November 2031 at interest rates ranging from 2.0% to 5.0%.	13,755,000
2016 Refunding Bonds Issue due in annual installments of \$270,000 to \$500,000 through November 2027 at interest rates ranging from 2.0% to 4.0%.	<u>4,620,000</u>
Total	<u>\$ 32,140,000</u>

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 10. Long-Term Liabilities (continued):

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

Year	Principal	Interest	Total
2017	\$ 3,620,000	\$ 1,098,733	\$ 4,718,733
2018	3,200,000	968,704	4,168,704
2019	3,240,000	851,406	4,091,406
2020	3,275,000	741,800	4,016,800
2021	2,365,000	643,238	3,008,238
2022-2026	11,250,000	2,144,106	13,394,106
2027-2031	5,190,000	512,625	5,702,625
Total	<u>32,140,000</u>	<u>6,960,612</u>	<u>\$ 39,100,612</u>

Bond Anticipation Notes:

During the year ended December 31, 2016 the Township issued a bond anticipation note in the amount of \$6,280,000 with an interest rate of 2.00% and maturing on March 7, 2017 for the purpose of various capital improvements. The Township also issued a second bond anticipation note in the amount of \$4,950,000 with an interest rate of .83% and maturing on March 17, 2017 for the purpose of various capital improvements. The Township also issued a third bond anticipation note in the amount of \$1,700,000 with an interest rate of 1.00% and maturing on March 17, 2017 for the purpose of various capital improvements.

Refunding Bonds:

On March 23, 2016, the Township of Lakewood issued 2016 Refunding Bonds in the amount of \$4,690,000 in order to refund the 2007 General Obligation Bonds originally issued in the amount of \$9,800,000. The new bonds bear interest from 3.00% to 4.00% and are due in installments ranging from \$270,000 to \$500,000 through November 1, 2027. The new issue will reduce debt service payments for the Township by \$374,909 with an economic gain of \$335,460, or 1.96%.

Note 11. New Jersey Unemployment Compensation Insurance

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

Year	Township Contributions	Amount Reimbursed	Ending Balance
2016	\$ 242	\$ 14,813	\$ 81,762
2015	321	35,431	96,333
2014	465	53,602	131,443

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 12. Risk Management

The Township of Lakewood is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The Township is a member of the Ocean County Municipal Joint Insurance Fund (JIF). This public entity risk pool is both an insured and self-administered group of 29 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance Program. There were no settlements in excess of insurance coverage in 2016, 2015 and 2014.

Note 13. Deferred Compensation Salary Account

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

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors.

Note 14. Litigation

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

Note 15. Post Employment Retirements Benefits

In addition to the pension benefits described in Note 8, the Township provides post employment benefits other than pension benefits to employees who retire from the Township and meet certain eligibility criteria in accordance with contractual agreements. These are known as post-employment benefits. Other post-employment benefits include post-employment health care benefits provided, regardless of the type of plan that provides them, and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits. Benefits are provided through the Central Jersey Health Insurance Fund, an agent multiple-employer health insurance fund.

Results of Valuation

♦ Actuarial Accrued Liability

The Actuarial Accrued Liability ("AAL") as of December 31, 2015 is \$179,524,636 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2016.

♦ Annual Required Contribution

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

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 15. Post Employment Retirements Benefits (continued):

The ARC as of December 31, 2016 is \$15,250,168 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2015. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 4,228,874
(2) Actuarial Accrued Liability	\$179,524,636
(3) Assets	\$ 0
(4) UAAL = (2) - (3)	\$179,524,636
(5) 30 Year Amortization of UAAL at Discount Rate	\$ 11,021,294
(6) ARC = (1) + (5)	\$ 15,250,168

Basis of Valuation

This valuation has been conducted as of December 31, 2016 based upon census, plan design and claims information provided by The Fund. Census includes 173 participants currently receiving retiree benefits, and 302 active participants of whom 25 are eligible to retire as of the valuation date. The average age of the active population is 44 and the average age of the retiree population is 66.

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

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2015 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2014 report from Aon Consultants.

Key Actuarial Assumptions:

Mortality	RP 200 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility
Assumed Retirement Age	At first eligibility after completing 20 years of service for nonunion employees: bargained employees after completing years of service as follows: PBA and SOA – 19 years, EMS – 25 years, AFSCME – 20 years, IBT 97 and AIW IBT 469 – 25 years
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	4.50%
Medical Trend	7.5% in 2015, reducing by 0.5% per annum, leveling at 5% per annum in 2020
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

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

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 15. Post Employment Retirements Benefits (continued):

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2016 medical, dental and prescription drug premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (44) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs. 2015 total contributions for retiree benefits as reported by the Fund are \$3.135 million.

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

Actuarial valuation method – Projected Unit Credit Funding Method.

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.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	40,156,194
Increased by Receipts:			
Tax Collector	\$	194,160,304	
Nonbudget Revenue		6,995,255	
State of New Jersey (Ch. 20, P.L. 1971)		513,231	
Special Emergency Notes Issued		1,100,000	
Revenue Accounts Receivable		12,033,181	
Interfunds		2,830,018	
Refunds to Appropriations		1,095,554	
Refunds to Appropriation Reserves		3,900	
Various Reserves		1,580,343	
Due to State of New Jersey		239,397	
Deposits on Sale of Property		858,705	
Section 8 Existing Housing		17,998,982	239,408,870
Subtotal			279,565,064
Decreased by Disbursements:			
2016 Budget Appropriations		67,793,706	
Interfunds		3,951,515	
Repayment of Emergency Notes		1,375,000	
2015 Appropriation Reserves		2,700,764	
Accounts Payable		8,912	
County Taxes Payable		36,112,863	
Local School District Tax		93,496,265	
Fire District Tax		4,465,410	
Various Reserves		1,341,231	
Tax Overpayments		432,448	
Increase in Change Fund		100	
Due to State of New Jersey		265,491	
Return of Deposits on Sale of Property		231,500	
Section 8 Existing Housing		16,616,642	228,791,847
Balance December 31, 2016		\$	<u>50,773,217</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEARS ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	-
Increased by Receipts:			
Taxes Receivable	\$	191,519,314	
Tax Title Liens		613	
Tax Abatments Received		242,651	
Prepaid Taxes		1,482,019	
Payment in Lieu of Taxes		16,922	
Interest & Costs on Taxes		898,785	194,160,304
			<hr/>
Subtotal			194,160,304
Decreased by Disbursements:			
Turnover to Treasurer			194,160,304
			<hr/>
Balance December 31, 2016		\$	-
			<hr/> <hr/>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2016**

YEAR	BALANCE DECEMBER 31, 2015	COLLECTED		TRANSFERRED TO TAX TITLE LIENS	OVERPAYMENTS APPLIED	OVERPAYMENTS CREATED	CHAPTER 20, P.L. 1971 SENIOR CITIZENS & VETERANS	CANCELLED, REMITTED OR ABATED	BALANCE DECEMBER 31, 2016
		2015	2016						
2009	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18
2011	9	-	-	-	-	-	-	-	9
2012	14	-	-	-	-	-	-	-	14
2013	2	-	-	-	-	37,223	-	37,223	2
2014	1,422	-	2,420	-	-	15,634	-	11,787	2,849
2015	3,907,084	-	3,936,308	31,101	373,387	392,360	(34,001)	(8,928)	1,577
Total	3,908,549	-	3,938,728	31,101	373,387	445,217	(34,001)	40,082	4,469
2016	-	193,527,697	988,787	81,811	-	638,784	545,529	321,581	4,648,187
Balance	\$ 3,908,549	\$ 193,527,697	\$ 988,787	\$ 112,912	\$ 373,387	\$ 1,084,001	\$ 511,528	\$ 361,663	\$ 4,652,656

ANALYSIS OF 2016 PROPERTY TAX LEVY

Tax Yield:		
General Purpose Tax	\$	184,509,511
Fire District Tax		4,465,410
Added & Omitted Tax		4,552,776
Total	\$	193,527,697
Tax Levy:		
Local District School Tax	\$	93,496,265
County Taxes:		
County Taxes	\$	30,045,161
County Library Tax		3,235,086
County Health Tax		1,166,594
County Open Space Tax		1,021,405
Due County for Added & Omitted Taxes		829,311
Total County Taxes		36,297,557
Fire District Taxes		4,465,410
Local Tax for Municipal Purposes		55,545,000
Add: Additional Tax Levied		3,723,465
Total	\$	193,527,697

EXHIBIT A-7

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEARS ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 1,055,494
Increased by:	
Transfer from Taxes Receivable	<u>112,912</u>
Subtotal	1,168,406
Decreased by:	
Cash Collections	<u>613</u>
Balance December 31, 2016	<u><u>\$ 1,167,793</u></u>

EXHIBIT A-8

**SCHEDULE OF TAX ABATEMENT RECEIVABLE
FOR THE YEARS ENDED DECEMBER 31, 2016**

Balance December 31, 2015 and 2016	<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, 2016**

Balance December 31, 2015	\$ 51,439,400
Decreased by:	
Properties Removed by Sale	<u>1,430,500</u>
Balance December 31, 2016	<u><u>\$ 50,008,900</u></u>

**SCHEDULE OF DUE FROM STATE - P.L. 1971, C. 20
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 112,701
Increased by:	
Deductions per Tax Duplicate:	
Senior Citizens	\$ 132,750
Veterans	421,250
Deductions Allowed by Collector - Current Year Taxes	10,000
Deductions Allowed by Collector - Prior Years Taxes	<u>500</u>
	564,500
Subtotal	677,201
Decreased by:	
Received from State of New Jersey	513,231
Deductions Disallowed - Current Year Taxes	18,471
Deductions Disallowed - Prior Years Taxes	<u>34,501</u>
	566,203
Balance December 31, 2016	<u><u>\$ 110,998</u></u>

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

	BALANCE DECEMBER 31, 2015	ACCRUED IN 2016	COLLECTION		BALANCE DECEMBER 31, 2016
			TREASURER	COLLECTOR	
Clerk:					
Alcoholic Beverages Licenses	\$ -	\$ 91,638	\$ 91,638	\$ -	\$ -
Other Licenses	-	116,341	116,341	-	-
Division of Inspections:					
Construction Code Official	348,253	3,080,498	3,191,848	-	236,903
Other Fees & Permits	30,597	693,551	690,724	-	33,424
Department of Police:					
Police Identification Fees	-	18,421	18,421	-	-
Municipal Court:					
Fines & Costs	54,424	731,673	736,490	-	49,607
Recycling Revenue from County	-	61,915	61,915	-	-
Emergency Medical Services	-	1,084,354	1,084,354	-	-
Police Off-Duty Employment Funds	-	338,563	338,563	-	-
Cell Tower Lease	-	98,389	98,389	-	-
Municipal Hotel & Occupancy Tax	-	144,531	144,531	-	-
Tax Abatement Program Revenue	-	242,651	-	242,651	-
General Capital Fund Balance	-	135,000	135,000	-	-
Tax Collector:					
Payment in Lieu of Taxes:					
Sons of Israel	-	16,922	-	16,922	-
Interest & Costs on Taxes	-	898,785	-	898,785	-
State of New Jersey:					
Consolidated Municipal Property					
Tax Relief Aid	-	388,342	388,342	-	-
Energy Receipts Tax	-	4,769,265	4,769,265	-	-
Cable TV Franchise Fees	-	167,419	167,419	-	-
Total	\$ 433,274	\$ 13,078,258	\$ 12,033,240	\$ 1,158,358	\$ 319,934
Cash Receipts			\$ 12,033,181	\$ 1,158,358	
Prior Year Collections			59	-	
			<u>12,033,240</u>	<u>1,158,358</u>	

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
N.J.S. 40A: 4-55 SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2016

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2015	AUTHORIZED	BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2016
6/11/15	Revaluation of Real Property	\$ 1,375,000	\$ 275,000	\$ 1,375,000	\$ -	\$ 275,000	\$ 1,100,000
Total				\$ 1,375,000	\$ -	\$ 275,000	\$ 1,100,000

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015		BALANCE		BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	PAID OR CHARGED	LAPSED
Administrative & Executive:					
Office of the Manager:					
Salaries	\$ 54,314	\$ -	\$ 54,314	\$ -	\$ 54,314
Other Expenses	79	885	964	100	864
Governing Body:					
Salaries	20	-	20	-	20
Other Expenses	33,215	14,671	47,886	16,761	31,125
Municipal Clerk:					
Salaries	270	-	270	-	270
Other Expenses	12,019	1,464	13,483	1,443	12,040
Purchasing Department:					
Salaries and Wages	20,462	-	20,462	881	19,581
Other Expenses	17,717	9,118	26,835	16,060	10,775
Financial Administration:					
Salaries and Wages	6,625	-	6,625	-	6,625
Other Expenses	10,425	7,685	18,110	16,996	1,114
Audit Services:					
Annual Audit	60,000	-	60,000	60,000	-
Computer Center:					
Salaries and Wages	2,852	-	2,852	-	2,852
Other Expenses	25,939	25,826	51,765	35,604	16,161
Collection of Taxes:					
Salaries and Wages	17,847	-	17,847	-	17,847
Other Expenses	9,061	8,248	17,309	8,248	9,061
Assessment of Taxes:					
Salaries and Wages	2,891	-	2,891	-	2,891
Other Expenses	39,680	33,071	72,751	42,028	30,723
Liquisation of Tax Liens & Foreclosed					
Other Expenses	20,500	-	20,500	-	20,500
Legal Services & Costs:					
Other Expenses	107,383	19,678	127,061	26,969	100,092
Engineering Services & Costs:					
Other Expenses	135,759	66,529	202,288	72,956	129,332
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	3,500	-	3,500	-	3,500
Planning Board:					
Other Expenses	719	2,007	2,726	2,726	-
Zoning Board:					
Other Expenses	32,173	13,321	45,494	14,224	31,270
Police:					
Salaries and Wages	1,101,723	-	1,091,723	260,530	831,193
Other Expenses	12,631	371,250	393,881	373,255	20,626
Emergency Management Services:					
Salaries and Wages	31,121	-	31,121	-	31,121
Other Expenses	20,398	14,158	34,556	30,897	3,659
Emergency Medical Technicians:					
Salaries and Wages	174,238	-	174,238	-	174,238
Other Expenses	3,432	17,561	20,993	20,391	602
Municipal Prosecutor					
Other Expenses	10,750	6,250	17,000	12,500	4,500
Road Repairs & Maintenance:					
Salaries and Wages	39,220	-	39,220	39,220	-
Other Expenses	47,294	58,922	106,216	64,728	41,488
Street Cleaning:					
Salaries and Wages	26,972	-	26,972	2,997	23,975
Other Expenses	4,688	3,585	8,273	3,611	4,662
Department of Public Works:					
Salaries and Wages	6,309	-	6,309	5,650	659
Other Expenses	5,138	3,022	8,160	6,069	2,091

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGED	LAPSED
Shade Tree Commission:					
Salaries and Wages	2,943	-	2,943	2,819	124
Other Expenses	5,533	967	6,500	1,800	4,700
Cross Street Landfill Maint:					
Other Expenses	8,355	1,415	9,770	1,415	8,355
Garbage & Trash Removal:					
Salaries and Wages	18,387	-	18,387	3,975	14,412
Other Expenses	12,285	24,511	36,796	26,250	10,546
Recycling:					
Salaries and Wages	44,359	-	44,359	24,290	20,069
Other Expenses	10,245	7,603	17,848	8,786	9,062
Public Buildings & Grounds:					
Salaries and Wages	5,435	-	5,435	4,912	523
Other Expenses	12	14,423	14,435	14,397	38
Apartment Trash Reimbursement	636	144,841	145,477	145,354	123
Automotive Mechanics					
Salaries and Wages	33,346	-	33,346	8,140	25,206
Condominium Reimbursements:					
Other Expenses	70,562	283,671	354,233	352,940	1,293
Municipal Garage:					
Salaries and Wages	22,987	-	22,987	926	22,061
Other Expenses	14,034	12,043	26,077	21,202	4,875
Municipal Court:					
Salaries and Wages	16,599	-	16,599	-	16,599
Other Expenses	3,744	3,286	7,030	3,812	3,218
Public Defender					
Other Expenses	1,167	-	1,167	-	1,167
Board of Health:					
Salaries and Wages	5,660	-	5,660	-	5,660
Other Expenses	555	-	555	211	344
Environmental Commission:					
Other Expenses	530	150	680	150	530
Animal Control:					
Salaries and Wages	2,712	-	2,712	1,583	1,129
Other Expenses	23,585	3,276	26,861	8,880	17,981
Relocation Assistance Program					
Other Expenses	7,500	-	7,500	-	7,500
Recreation:					
Salaries and Wages	17,571	-	17,571	-	17,571
Other Expenses	2,703	11,370	14,073	8,724	5,349
Community Center:					
Salaries and Wages	7,670	-	7,670	-	7,670
Other Expenses	16,449	895	17,344	670	16,674
Parks & Playgrounds:					
Salaries and Wages	51,418	-	51,418	36,808	14,610
Other Expenses	25,974	18,856	44,830	25,064	19,766
Transfer to Lakewood Airport	82,694	85	82,779	85	82,694
Lakewood Public Transportation	26,114	-	26,114	26,114	-
State Uniform Construction Code Officials:					
Salaries and Wages	6,509	-	6,509	-	6,509
Other Expenses	66,178	45,966	112,144	48,612	63,532
Property Maintenance Code:					
Salaries and Wages	1	-	1	-	1
Social Security Other Expenses	12,261	110,215	122,476	122,476	-
Insurance:					
Liability Insurance	7,676	5,229	12,905	10,404	2,501
Workers Compensation Insurance	15,051	-	15,051	-	15,051
Group Insurance Plan	748,766	6,560	755,326	6,560	748,766
Health Insurance Waivers	3,603	-	3,603	-	3,603
Utility Expenses & Bulk Purchases:					
Electricity	34,789	3,409	38,198	34,392	3,806
Street Lighting	160,723	93,462	254,185	173,017	81,168
Telephone	14,981	18,188	40,469	39,924	545

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGED	LAPSED
Water	3,506	2,684	6,190	5,858	332
Natural Gas	53,161	-	53,161	8,713	44,448
Gasoline	397,664	20,460	410,824	28,400	382,424
Stadium Utilities	8,205	-	8,205	2,467	5,738
Landfill/Solid Waste Disposal Costs:					
Landfill Disposal Costs	218,018	400,000	618,018	400,000	218,018
Contingent	7,500	-	7,500	-	7,500
Operations Excluded From CAPS					
Public & Private Programs Offset by Reve:					
Matching Funds for Grants	18,562	-	18,562	-	18,562
Capital Improvements- Excluded from CAPS					
Acquisition of Property	217,600	-	217,600	-	217,600
Defined Contribution Retirement Program	2,494	634	3,128	635	2,493
Deferred Charges - Excluded From Caps					
Judgements	8,910	-	8,910	-	8,910
Total General Appropriations	\$ 4,648,036	\$ 1,911,450	\$ 6,559,486	\$ 2,745,609	\$ 3,813,877
				Cash Disbursements	\$ 2,700,764
				Cash Refunds	(3,900)
				Accounts Payable	48,745
				Total	<u>\$ 2,745,609</u>

EXHIBIT A-14

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 184,081
Increased by:		
Appropriation Reserves		<u>48,745</u>
Subtotal		232,826
Decreased by:		
Cash Disbursed	\$ 8,912	
Cancelled Accounts Payable	<u>117,034</u>	<u>125,946</u>
Balance December 31, 2016		<u><u>\$ 106,880</u></u>

EXHIBIT A-15

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 988,787
Increased by:		
Collections, 2016 Taxes		<u>1,482,019</u>
Subtotal		2,470,806
Decreased by:		
Applied to Taxes Receivable		<u>988,787</u>
Balance December 31, 2016		<u><u>\$ 1,482,019</u></u>

EXHIBIT A-16

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 1,677,183
Increased by:		
Refund of Prior Revenue Created	\$ 746,773	
	<u>1,084,001</u>	<u>1,830,774</u>
Subtotal		3,507,957
Decreased by:		
Disbursements Applied	432,448	
	<u>373,387</u>	<u>805,835</u>
Balance December 31, 2016		<u><u>\$ 2,702,122</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	644,617
Increased by:			
County Tax	\$	30,045,161	
County Library Tax		3,235,086	
County Health Tax		1,166,594	
County Open Space Preservation		1,021,405	
Due County for Added & Omitted Taxes		829,311	36,297,557
Subtotal			36,942,174
Decreased by:			
Payments			36,112,863
Balance December 31, 2016		\$	<u>829,311</u>

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	-
Increased by:			
Levy - Calendar Year 2016			93,496,265
Subtotal			93,496,265
Decreased by:			
Payments			93,496,265
Balance December 31, 2016		\$	<u>-</u>

**SCHEDULE OF FIRE DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	-
Increased by:			
Levy - Calendar Year			4,465,410
Subtotal			4,465,410
Decreased by:			
Payments			4,465,410
Balance December 31, 2016		\$	<u>-</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016
Reserve For:				
Industrial Commission	\$ 2,642,768	\$ 1,563,653	\$ 859,981	\$ 3,346,440
Co-Gen Overpayments	1,775,854	-	-	1,775,854
Overpayments	460,953	-	460,953	-
Revaluation	687,500	-	481,250	206,250
Miscellaneous Receipts	75,075	-	75,075	-
Superstorm Sandy	83,449	16,690	-	100,139
Total	<u>\$ 5,725,599</u>	<u>\$ 1,580,343</u>	<u>\$ 1,877,259</u>	<u>\$ 5,428,683</u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2016**

	TOTAL	CONSTRUCTION TRAINING FEES	MARRIAGE/ DOMESTIC PARTNERSHIP FEES	BURIAL FEES
Balance December 31, 2015	\$ 76,144	\$ 69,994	\$ 6,150	\$ -
Increased by:				
Cash Receipts	<u>239,397</u>	<u>215,662</u>	<u>23,725</u>	<u>10</u>
Subtotal	<u>315,541</u>	<u>285,656</u>	<u>29,875</u>	<u>10</u>
Decreased by:				
Cash Disbursed	<u>265,491</u>	<u>242,581</u>	<u>22,900</u>	<u>10</u>
Balance December 31, 2016	<u>\$ 50,050</u>	<u>\$ 43,075</u>	<u>\$ 6,975</u>	<u>\$ -</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEPOSITS ON SALE OF PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	362,652
Increased by:			
Cash Receipts			<u>858,705</u>
Subtotal			1,221,357
Decreased by:			
Cash Disbursements	\$	231,500	
Applied to Sales of Property		<u>651,857</u>	<u>883,357</u>
Balance December 31, 2016		\$	<u><u>338,000</u></u>

**SCHEDULE OF DUE TO LAKEWOOD HOUSING
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	42
Increased by:			
Cash Receipts			<u>17,998,982</u>
Subtotal			17,999,024
Decreased by:			
Cash Disbursed			<u>16,616,642</u>
Balance, December 31, 2016		\$	<u><u>1,382,382</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF INTERFUNDS - OTHER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	TOTAL	FEDERAL & STATE GRANT FUND	GENERAL TRUST	CAPITAL FUND	ANIMAL CONTROL TRUST
Balance, December 31, 2015:					
Interfund Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
(Interfund Payable)	(2,476,136)	(858,447)	(1,595,148)	-	(22,541)
Increased by:					
Grant Reserves Cancelled	128,637	128,637	-	-	-
Disbursements	3,946,859	3,491,800	447,868	-	7,191
Statutory Excess in Reserve	6,515	-	-	-	6,515
Interfund Loan	4,656	-	-	4,656	-
Total Increased by	4,086,667	3,620,437	447,868	4,656	13,706
Subtotal	1,610,531	2,761,990	(1,147,280)	4,656	(8,835)
Decreased by:					
Animal Control Receipts	13,926	-	-	-	13,926
Matching Funds for Grants	365,084	365,084	-	-	-
Grants Receivable Canceled	124,409	124,409	-	-	-
Return to Current	2,740,059	2,735,403	-	4,656	-
Subtotal	3,243,478	3,224,896	-	4,656	13,926
Various Reserves	76,033	-	76,033	-	-
Total Decreased by	3,319,511	3,224,896	76,033	4,656	13,926
Balance, December 31, 2016:					
Interfund Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
(Interfund Payable)	\$ (1,708,980)	\$ (462,906)	\$ (1,223,313)	\$ -	\$ (22,761)

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF EMERGENCY AUTHORIZATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE OF	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE		DECREASED	BALANCE DECEMBER 31, 2016
				DECEMBER 31, 2015	INCREASED		
Revaluation of Real Property	4/8/16	3/17/17	0.98%	\$ 1,375,000	\$ 1,100,000	\$ 1,375,000	\$ 1,100,000
Total				\$ 1,375,000	\$ 1,100,000	\$ 1,375,000	\$ 1,100,000

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	(858,447)
Increased by:			
Disbursed by Current Fund:			
Appropriated Reserves	\$	3,491,800	
Cancellation of Grant Appropriated Reserve		128,637	3,620,437
			<hr/>
Subtotal			2,761,990
Decreased by:			
Deposited in Current Fund:			
Grants Receivable		2,735,403	
Grant Matching Funds		365,084	
Cancellation of Grant Receivables		124,409	3,224,896
			<hr/>
Balance December 31, 2016		\$	<u><u>(462,906)</u></u>

TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

GRANT	BALANCE DECEMBER 31, 2015	2016 ANTICIPATED REVENUE	CASH RECEIVED	UNAPPROPRIATED			BALANCE DECEMBER 31, 2016
				RESERVES REALIZED AS	REVENUE	CANCELLED ADJUSTMENTS	
Federal:	\$	4,482	\$	\$	-	\$	\$
Bulletproof Vest Partnership Program - 2015	24,465	-	-	-	-	-	4,482
Bulletproof Vest Partnership Program - 2013	-	-	5,090	-	-	-	19,375
Community Development Block Grant- 2013	-	-	-	-	-	-	-
Community Development Block Grant- 2014	573,195	-	573,195	-	-	-	-
Community Development Block Grant- 2015	1,176,583	-	696,420	-	-	-	480,163
Community Development Block Grant- 2016	-	1,200,529	-	-	-	-	1,200,529
Cops in Shops	-	5,600	5,600	-	-	-	-
Drive Sober or Get Pulled Over - 2015 Holiday Crackdown	-	5,000	5,000	-	-	-	-
Drive Sober or Get Pulled Over - 2016 Labor Day	-	5,000	5,000	-	-	-	-
Edward Byrne Memorial Justice Assistance Grant	471	-	-	-	-	471	-
Edward Byrne Memorial Justice Assistance Grant - 2012	4,866	-	-	-	-	-	4,866
Edward Byrne Memorial Justice Assistance Grant - 2013	21,386	-	15,444	-	-	-	5,942
Edward Byrne Memorial Justice Assistance Grant - 2014	21,278	-	12,463	-	-	-	8,815
Edward Byrne Memorial Justice Assistance Grant - 2016	-	13,149	-	-	-	-	13,149
Department of Transportation: Cedarbridge Corporate Campus Fourth Street Click it or Ticket	21,755 25,176 - -	- - 5,000 -	- - 5,000 48,998	- - - -	- - -	- - -	21,755 25,176 -
US DOT Lakewood Airport	84,879	-	-	-	-	-	35,881
US DOT Taxiway Construction Phase I	21,402	-	-	-	-	-	21,402
US DOT Taxiway Construction Phase II	-	544,276	460,788	-	-	-	83,488
US DOT Airport Development Grant - Runway	9,966	-	-	-	-	-	9,966
Environmental Study Phase III	153	-	-	-	-	-	153
FEMA - Hazard Mitigation Grant	392,685	-	-	-	-	-	392,685
Fence Environmental	69,475	-	-	-	-	-	69,475
NJ Transit CIP Parking Lot Project	3,764,000	-	-	-	-	-	3,764,000
Acquire Land for Approaches Runway 6 - Phase II	-	222,804	9,982	-	-	-	212,822
Perimeter Fence Phase II	296,057	-	-	-	-	-	296,057
Wetlands Mitigation	2,443	-	-	-	-	-	2,443
Sub-Total Federal	6,514,717	2,001,358	1,842,980	-	-	471	6,672,624

TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

GRANT	BALANCE DECEMBER 31, 2015	2016 ANTICIPATED REVENUE	CASH RECEIVED	UNAPPROPRIATED RESERVES REALIZED AS REVENUE	CANCELLED	ADJUSTMENTS	BALANCE DECEMBER 31, 2016
State:							
Alcohol Education & Rehabilitation Fund	-	7,675	7,675	-	-	-	-
Body Armor Replacement Fund	-	10,605	10,605	-	-	-	-
Clean Communities	-	135,359	135,359	-	-	-	-
Helipad	9,667	-	-	-	-	-	9,667
Highway Safety Fund	181,323	-	-	-	-	-	181,323
Highway Safety Fund - 2015	134,751	-	121,148	-	-	-	13,603
Construct Taxiway to Runway 24 End - State Share	-	30,237	25,589	-	-	-	4,648
Jet Fuel Tank	15,340	-	-	-	-	-	15,340
Kettle Creek & Vine Street Access Project	23	-	-	-	-	-	23
Kettle Creek & Vine Street Access Project - Phase II	37,551	-	-	-	-	-	37,551
Raintree - Phase III	71,620	-	-	-	-	-	71,620
Municipal Aid Program 2009	37,230	-	-	-	-	-	37,230
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	148,189	-	-	-	-	-	148,189
Municipal Aid Program 2015	351,726	-	-	-	-	-	351,726
Municipal Aid Program 2016	-	351,726	-	-	-	-	351,726
Runway End Identifier Lights	18,691	-	-	-	-	-	18,691
Recycling Tonnage Grant	-	117,920	117,920	-	-	-	-
Safe & Secure Communities Program	20,000	60,000	60,000	-	-	-	20,000
Small Business Development	57,887	-	6,694	-	-	-	51,193
State Homeland Security Program	5,000	-	5,000	-	-	-	-
State of NJ No Net Loss Reforestation Grant FS14-013	3,763,800	-	-	-	-	-	3,763,800
State of NJ No Net Loss Reforestation Grant FS14-060	972,000	-	-	-	-	-	972,000
Self Coating/Winsock	269,211	-	-	-	-	-	269,211
Self Service Fuel Tank	7,078	-	-	-	-	-	7,078
State of NJ - Sports & Entertainment - H2 - S2 - Grant	376	-	-	-	376	-	-
State of NJ - State Aid - CARS-E Grant	1,333	-	-	-	1,333	-	-
Urban Enterprise Zone:							
Acquisition of 228 Main Street	35,299	-	-	-	-	-	35,299
Administrative Grant - 2015	233,746	-	294	-	-	-	233,452
Administrative Grant - 2016	328,800	-	84,826	-	-	-	243,974
Business Attraction Initiative	2,261	-	-	-	-	-	2,261
Business Attraction Initiative - IV	2,877	-	-	-	2,877	-	-
Business Attraction Initiative - V	100,000	-	96,724	-	-	-	3,276
Business Attraction Initiative - VI	-	100,000	25,703	-	-	-	74,297
Co-op Advertising Program- Pilot Project	40,132	-	25,544	-	-	-	14,588
Downtown Parking Phase III	93,407	-	-	-	93,407	-	-

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT	BALANCE DECEMBER 31, 2015	2016 ANTICIPATED REVENUE	CASH RECEIVED	UNAPPROPRIATED RESERVES			BALANCE DECEMBER 31, 2016
				REALIZED AS REVENUE	CANCELLED	ADJUSTMENTS	
Financial Assistance II	38,769	-	35,000	-	3,769	-	-
Franklin Street Redevelopment Area							
Appraisals & Evaluations	35,347	-	3,810	-	-	-	31,537
Hatzolah Emergency Vehicle	-	20,000	20,000	-	-	-	-
Infrastructure Improvements Lakewood							
Industrial Park	12,113	-	-	-	12,113	-	-
Lakewood Transit Connect - 2012	4,728	-	-	-	-	-	4,728
Lakewood Transit Connect - 2013	10,063	-	-	-	10,063	-	-
Marketing & Public Relations - VI	92,550	-	355	-	-	-	92,195
Business to Business Networking Initiative II	65,500	-	60,159	-	-	-	5,341
Business to Business Networking Initiative III	-	65,500	15,325	-	-	-	50,175
Strand Theater Year IV Capital Improvements	81,155	-	-	-	-	-	81,155
Strand Theater Capital Improvements &							
Renovations - Phase III	344,323	-	34,693	-	-	-	309,630
Wetlands Mitigation- State	681	-	-	-	-	-	681
Sub-Total State	\$ 7,726,595	\$ 899,022	\$ 892,423	\$ -	\$ 123,938	\$ -	\$ 7,609,256
Grand Total	\$ 14,241,312	\$ 2,900,380	\$ 2,735,403	\$ -	\$ 124,409	\$ -	\$ 14,281,880

Original Budget \$ 1,326,963
Ch. 159 Budget Amendments 1,573,417

\$ 2,900,380

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT	BALANCE DECEMBER 31, 2015		TRANSFERS	TRANSFERS FROM 2016 BUDGET	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2016	
	ENCUMBERED	RESERVED					ENCUMBERED	RESERVED
Federal:								
Bulldozer Vest Partnership Grant - 2015	\$ -	24,465	\$ -	\$ -	\$ 17,401	\$ -	\$ -	7,064
Community Development Block Grant - 2008	-	51	-	-	-	-	-	51
Community Development Block Grant - 2009	-	132,669	-	-	-	-	-	132,669
Community Development Block Grant - 2010	-	2,764	-	-	-	-	-	2,764
Community Development Block Grant - 2011	4,657	1,199	-	-	-	-	82	5,774
Community Development Block Grant - 2012	18,640	15,913	-	-	7,481	-	8,589	18,483
Community Development Block Grant - 2013	14,400	59,670	-	-	3,700	-	10,700	59,670
Community Development Block Grant - 2014	180,900	188,583	-	-	337,805	-	7,995	23,683
Community Development Block Grant - 2015	176,957	999,626	-	-	974,177	-	1,496	200,910
Community Development Block Grant - 2016	-	-	-	1,200,529	99,697	-	3,500	1,097,332
Community Development Block Grant - Title I Assistance	-	-	-	-	-	-	-	35,848
Cops in Shops	-	35,848	-	5,600	5,600	-	-	-
Drive Sober or Get Pulled Over - Holiday Crackdown	-	-	-	5,000	5,000	-	-	-
Drive Sober or Get Pulled Over - Labor Day Crackdown	-	-	-	5,000	5,000	-	-	-
Edward Byrne Memorial Justice Assistance Grant	-	35,096	-	13,149	19,737	-	-	28,508
Energy Efficiency Grant	34,500	55,860	-	-	17,500	-	-	72,860
Environmental Study Phase III- Federal	-	3,039	-	-	-	-	-	3,039
Fence Environmental- Federal	-	76,011	-	-	-	-	-	76,011
Highway Traffic Safety Fund - Click it or Ticket - 2016	-	-	-	5,000	5,000	-	-	-
FEMA - Hazard Mitigation Grant	-	392,685	-	-	214,375	-	-	178,310
NJTransit CIP Parking Lot Project	-	3,764,000	-	-	-	-	-	3,764,000
Perimeter Fence Phase II- Federal	-	294,434	-	-	-	-	-	294,434
USDOT Taxiway Construction-Phase I	7,097	-	-	-	-	-	7,097	-
USDOT Taxiway Construction-Phase II	-	-	-	544,276	464,782	-	-	79,494
USDOT Runway Obstruction Removal - Federal	23,884	2,203	(180)	-	15,063	-	8,821	2,023
USDOT FAA Lakewood Airport- Federal	595	50,152	-	-	-	-	-	50,747
USDOT FAA Lakewood Airport Runway- Federal	26,040	7,665	-	-	-	-	19,771	13,934
USDOT FAA Airport Land Acq Phase II	-	-	-	222,804	198,482	-	-	24,322
Sub-Total Federal	487,670	6,141,933	(180)	2,001,358	2,390,800	-	68,051	6,171,930
State:								
Alcohol Education & Rehabilitation	-	1,582	-	-	656	-	-	926
Alcohol Education & Rehabilitation - 2000	-	1,000	-	-	-	-	-	1,000
Alcohol Education & Rehabilitation - 2011	-	1,717	-	-	-	-	-	1,717
Alcohol Education & Rehabilitation - 2012	-	3,992	-	-	3,992	-	-	-
Alcohol Education & Rehabilitation - 2013	-	2,212	-	-	1,831	-	-	381
Alcohol Education & Rehabilitation - 2014	-	11,490	-	-	-	-	-	11,490
Alcohol Education & Rehabilitation - 2016	-	-	-	7,675	-	-	-	7,675
Body Armor Replacement Grant	-	188	-	-	-	-	-	188
Body Armor Replacement Grant - 2014	-	7,550	-	-	7,550	-	-	-
Body Armor Replacement Grant - 2015	-	11,108	-	-	11,108	-	-	-
Body Armor Replacement Grant - 2016	-	-	-	10,605	-	-	-	10,605
Clean Communities Program	4,400	243,899	-	135,359	68,352	-	-	315,306
Domestic Violence Training Grant	-	1,250	-	-	-	1,250	-	-
Driving While Intoxicated	-	27,992	-	-	-	-	-	27,992
Drunk Driving Enforcement Fund - 2008	-	23,678	-	-	661	-	23,017	-
Drunk Driving Enforcement Fund - 2009	22	13,730	-	-	305	-	3,833	9,614
Drunk Driving Enforcement Fund - 2011	550	423	-	-	-	-	-	973
Drunk Driving Enforcement Fund - 2014	146	170	-	-	169	-	146	1
Emergency Assistance Grant	-	8,255	-	-	-	-	-	8,255
Environmental Study Phase III- State	-	459	-	-	-	-	-	459
Gypsy Moth Grant	-	23,829	-	-	-	-	-	23,829

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT	BALANCE DECEMBER 31, 2015		TRANSFERS	TRANFERS FROM 2016 BUDGET	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2016	
	ENCUMBERED	RESERVED					ENCUMBERED	RESERVED
Helipad- State	-	20	-	-	-	-	-	20
Municipal Stormwater Regulation Program	-	14,016	-	-	-	-	-	14,016
N.J. Transportation Trust Fund - 2001	-	27,636	-	-	-	-	-	27,636
State of New Jersey Department of Transportation	-	40,041	-	-	-	-	-	40,041
State of NJ - Sports & Entertainment - H2 - S2 - Grant - State	-	376	-	-	-	376	-	-
State of NJ - OSHP - CARS Grant Program	-	1,333	-	-	-	1,333	-	-
State of NJ- NJ OEM Citizens Corp-2012	-	2	-	-	-	2	-	-
New Jersey Department of Transportation:								
Discretionary Aid - Raintree - Phase III	-	26,490	-	-	-	-	-	26,490
Fourth Street	-	12,453	-	-	-	-	-	12,453
Kettle Creek & Vine Street Access Project - Phase II	70,752	-	-	-	-	-	-	70,752
Municipal Aide Program 2010	-	521	-	-	-	-	-	521
Municipal Aide Program 2011	6,012	196,084	-	-	-	-	6,012	196,084
Municipal Aide Program 2012	7,562	6,613	-	-	-	-	7,562	6,613
Municipal Aide Program 2013	9,715	4,172	-	-	-	-	9,715	4,172
Municipal Aide Program 2014	14,151	75,711	-	-	46,792	-	7,310	35,760
Municipal Aide Program 2015	-	351,726	-	-	-	-	-	351,726
Municipal Aide Program 2016	-	-	-	351,726	-	-	-	351,726
Highway Safety Fund	-	10,884	-	-	-	-	-	10,884
Highway Safety Fund 2013	-	13,317	-	-	9,497	-	-	3,820
Highway Safety Fund 2015	-	83,098	-	-	45,247	-	-	37,851
Jet Fuel Tank	-	17,800	-	-	-	-	-	17,800
Cedarbridge Corporate Campus	15,498	6,732	-	-	-	-	14,501	7,729
NIDOT Construct Taxiway to Runway 24 End State Share	-	-	-	30,237	-	-	-	30,237
NJ State Police - Emergency Management Grant	-	5,000	-	-	-	-	-	5,000
NJ Emergency Assistance Grant	-	5,000	-	-	-	-	-	5,000
Perimeter Fence Phase II- State	-	7,764	-	-	-	-	-	7,764
Police ITM Inconvertible Word	-	1,000	-	-	-	-	1,000	-
Recycling Mini-Grant - Ocean County	-	4,132	-	-	-	-	-	4,132
Recycling Tonnage Grant	10,837	201,767	-	117,920	69,403	-	-	261,121
USDOT Runway End Identifier Lights- State	866	15,216	-	-	-	-	-	16,082
Safe & Secure Communities Programs - State 2015	-	6,602	-	-	6,602	-	-	-
Safe & Secure Communities Programs - State 2016	-	-	-	60,000	41,699	-	-	18,301
Self Service Fuel Tank- State	-	5,694	-	-	-	-	-	5,694
Seal Coating/Winsock- State	-	250,468	-	-	-	-	-	250,468
Small Business Development	6,694	51,193	-	-	6,694	-	-	51,193
State Homeland Security	-	5,000	-	-	-	-	-	5,000
State Forestry Serv.-Community Forestry	-	3,000	-	-	-	-	-	3,000
State of NJ - Smart Future Planning - Downtown	-	100	-	-	-	100	-	-
Parking & Traffic Circulation Plan	-	-	-	-	-	-	-	-
State of NJ - No Net Loss Reforestation	-	3,763,800	-	-	34,500	-	-	3,729,300
Project Grant FSI4-013	-	-	-	-	-	-	-	-
State of NJ - No Net Loss Reforestation	-	972,000	-	-	-	-	-	972,000
Project Grant FSI4-060	-	-	-	-	-	-	-	-
Urban Enterprise Zone:								
Acquisition of 228 Main Street	-	35,298	-	-	-	-	-	35,298
Administrative Budget 2015	294	233,455	-	-	294	-	-	233,455
Administrative Budget 2016	511	328,289	-	-	86,605	-	39	242,156
Business Attraction Initiative	-	2,262	-	-	-	-	-	2,262
Business Attraction Initiative IV	-	2,877	-	-	-	2,877	-	-
Business Attraction Initiative V	96,650	3,350	-	-	96,724	-	-	3,276
Business Attraction Initiative VI	-	-	-	100,000	25,702	-	70,948	3,350
Business to Business Networking	-	-	-	-	-	-	-	-
Business to Business Networking II	65,500	-	-	-	60,159	-	-	5,341
Business to Business Networking III	-	-	-	65,500	15,325	-	50,175	-

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT	BALANCE DECEMBER 31, 2015		TRANSFERS	TRANSFERS FROM 2016 BUDGET		EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2016	
	ENCUMBERED	RESERVED		APPROPRIATIONS	ENCUMBERED			RESERVED	
Co-op Advertising Program- Pilot Project	39,103	1,029	-	-	-	25,544	-	1,919	12,669
Downtown Parking Phase II	-	71,442	-	-	-	-	71,442	-	-
Downtown Parking Phase IV	-	-	-	-	-	-	-	-	-
Supplemental Parking Project - Phase 3	2,500	19,466	-	-	-	-	21,966	-	-
Emergent Stadium Repair	-	-	-	-	-	-	-	-	-
Financial Assistance Program	35,000	3,769	-	-	-	35,000	3,769	-	-
First Aid & Emergency Squad Vehicle Grant	-	-	-	-	-	-	-	-	-
Franklin Street Redevelopment Area	-	-	-	-	-	-	-	-	-
Appraisals & Evaluations	1,569	33,779	-	-	-	3,810	-	-	31,538
Franklin Street Redevelopment Area Acquisition	-	-	-	-	20,000	20,000	-	-	-
Hatzolah Emergency Vehicle	-	-	180	-	-	-	12,113	-	-
Infrastructure Improvements- Industrial Park	-	11,933	-	-	-	-	-	-	-
LCSW Vehicle Grant	-	-	-	-	-	-	-	-	-
Lakewood Transit Connect II	-	4,728	-	-	-	-	-	-	4,728
Lakewood Transit Connect III	-	10,063	-	-	-	-	10,063	-	-
Marketing & Public Relations - 2008	-	103,459	-	-	-	355	-	-	103,104
Strand Theater - Capital Improvements (Year 3)	4,669	420,807	-	-	-	34,693	-	6,143	384,640
USDOT FAA Lakewood Airport- State	-	2,470	-	-	-	-	-	-	2,470
Sub-Total State	393,001	7,859,761	180	899,022	-	759,269	125,291	202,320	8,065,084
Local:									
Emergency Medical Service - Bequest of Dorothy Lukeck	-	3,000	-	-	-	3,000	-	-	-
Fence Environmental- Local	-	4,342	-	-	-	-	-	-	4,342
Helpad- Local	-	1	-	-	-	-	-	-	1
Ocean County JIF Police Accreditation (Local Share)	300	6,900	-	-	-	7,200	-	-	-
NJDOT Construct Taxiway to Runway 24 End Local Share	-	-	-	30,237	-	-	-	-	30,237
Perimeter Fence Phase II- Local	-	7,763	-	-	-	-	-	7,763	-
State of NJ - Sports & Entertainment - H2 - S2 - Grant - Local	-	1,740	-	-	-	-	1,740	-	-
USDOT Runway End Identifier Lights- Local	45	712	-	-	-	-	-	-	757
Safe & Secure Communities Programs - Local 2014	-	1,606	-	-	-	-	1,606	-	-
Safe & Secure Communities Programs - Local 2015	-	91,978	-	-	-	13,398	-	-	78,580
Safe & Secure Communities Programs - Local 2016	-	-	-	334,847	-	232,608	-	-	102,239
Self Service Fuel Tank- Local	-	300	-	-	-	-	-	-	300
Seal Coating/Winsock- Local	-	13,182	-	-	-	-	-	-	13,182
FEMA - Hazard Mitigation Grant - Local	-	85,525	-	-	-	85,525	-	-	-
Sub-Total Local	345	217,049	-	365,084	-	341,731	3,346	-	237,401
Total	\$ 881,016	\$ 14,218,743	\$ -	\$ 3,265,464	\$ -	\$ 3,491,800	\$ 128,637	\$ 270,371	\$ 14,474,415

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TRUST FUND

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**TOWNSHIP OF LAKEWOOD
TRUST FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>GRANT TRUST FUND</u>	<u>GENERAL TRUST FUND</u>
Balance December 31, 2015	\$ 199,525	\$ 9,340,402
Increased by Receipts:		
Investment Earnings	\$ 499	\$ -
Various Reserves	<u>-</u>	<u>13,030,250</u>
Total Receipts	<u>499</u>	<u>13,030,250</u>
Subtotal	<u>200,024</u>	<u>22,370,652</u>
Decreased by Disbursements:		
Various Reserves	<u>-</u>	<u>11,990,168</u>
Total Disbursements	<u>-</u>	<u>11,990,168</u>
Balance December 31, 2016	<u><u>\$ 200,024</u></u>	<u><u>\$ 10,380,484</u></u>

EXHIBIT B-2

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 511,423
Increased by:	
Net Interest Earnings	<u>9,170</u>
Subtotal	520,593
Decreased by:	
Drawdowns	<u>8,032</u>
Balance December 31, 2016	<u><u>\$ 512,561</u></u>

EXHIBIT B-3

**ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 22,904
Increased by:	
Dog License Fees Collected	\$ 11,328
Miscellaneous Fees Collected	<u>545</u>
	11,873
Subtotal	34,777
Decreased by:	
Expenditures Under R.S. 4:19-15.11	5,134
Due to Current Fund	<u>6,515</u>
	11,649
Balance December 31, 2016	<u><u>\$ 23,128</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2015	\$ 11,788
2014	<u>11,340</u>
	<u><u>\$ 23,128</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
ANIMAL CONTROL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 22,541
Increased by:		
Reserve for Animal Control Expenditures	\$ 11,873	
Due to State of New Jersey	2,043	13,916
		<hr/>
Subtotal		36,457
Decreased by:		
Reserve for Animal Control Expenditures	5,134	
Excess in Reserve	6,515	
Due to State of New Jersey	2,047	13,696
		<hr/>
Balance December 31, 2016		<u><u>\$ 22,761</u></u>

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY
ANIMAL CONTROL FEES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 363
Increased by:		
Remitted to State of New Jersey		<hr/> 2,047
Subtotal		2,410
Decreased by:		
State Fees		<hr/> 2,043
Balance December 31, 2016		<u><u>\$ 367</u></u>

**TOWNSHIP OF LAKEWOOD
GRANT TRUST FUND
SCHEDULE OF RESERVE FOR REVOLVING LOAN GRANT
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 199,525
Increased by:	
Interest Earned	<u>499</u>
Balance December 31, 2016	<u><u>\$ 200,024</u></u>

**GENERAL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 1,595,148
Increased by:	
Various Reserves	<u>76,033</u>
Subtotal	1,671,181
Decreased by:	
Various Reserves	<u>447,868</u>
Balance December 31, 2016	<u><u>\$ 1,223,313</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016
Unemployment Compensation Insurance	\$ 96,333	\$ 242	\$ 14,813	\$ 81,762
Escrow Performance	3,110,261	1,114,351	558,598	3,666,014
Sanitary Landfill Escrow	511,424	9,170	8,032	512,562
Outside Off-Duty Police Employment	134,174	1,660,513	1,454,611	340,076
Redemption of Tax Sale Certificates	515,588	5,913,925	5,642,939	786,574
Premium at Tax Sale	3,102,148	2,254,411	2,543,364	2,813,195
Law Enforcement	331,148	13,040	9,965	334,223
Law Enforcement Confiscation	39,174	9,056	-	48,230
Planning & Zoning Fees	881,793	1,124,817	1,032,091	974,519
Inspection Fees	1,104,416	814,604	615,967	1,303,053
Street Opening Permits	241,981	125,291	117,820	249,452
Parking Offenses Adjudication Act	4,272	355	776	3,851
Public Defender	42,606	25,056	61,986	5,676
Accumulated Absences	574,389	10,000	354,171	230,218
Snow Removal	2,442	-	-	2,442
Recreation	8,011	16,932	21,820	3,123
Pine Park Deposits	179,390	23,690	1,510	201,570
Garbage Pail Deposits	567,423	-	7,605	559,818
Total	<u>\$ 11,446,973</u>	<u>\$ 13,115,453</u>	<u>\$ 12,446,068</u>	<u>\$ 12,116,358</u>

Interfund - Current Fund	\$ 76,033
Cash Receipts	<u>13,039,420</u>
Total	<u><u>\$ 13,115,453</u></u>

Interfund - Current Fund	\$ 447,868
Cash Disbursed	<u>11,998,200</u>
Total	<u><u>\$ 12,446,068</u></u>

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GENERAL CAPITAL FUND

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**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 140,240
Increased by:		
Close out Cost of Issuance Account	\$ 7,037	
Funded Improvement Authorizations Canceled	70,201	
Premium on Bond Anticipation Notes	74,669	151,907
		<hr/>
Subtotal		292,147
Decreased by:		
Appropriated to Finance 2016 Budget Revenues		135,000
		<hr/>
Balance December 31, 2016		<u><u>\$ 157,147</u></u>

**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 4,464,973
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$ 200,000	
Bond Anticipation Notes	12,930,000	
Premium on Bond Anticipation Notes	74,669	
Reserve for 2016 Refunding Bonds COI	56,097	
Deferred Charges Raised in Budget	55,861	
Due to Current Fund	4,656	13,321,283
		<hr/>
Subtotal		17,786,256
Decreased by Disbursements:		
Improvement Authorizations	5,151,178	
Payment of Bond Anticipation Notes	10,980,000	
Anticipated as General Fund Revenue	135,000	
Reserve for 2016 Refunding Bonds COI	48,440	
Transferred to Current Fund	4,658	16,319,276
		<hr/>
Balance December 31, 2016		<u><u>\$ 1,466,980</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH, CASH
EQUIVALENTS & INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Fund Balance	\$ 157,148
Capital Improvement Fund	143,610
Reserve for Capital Improvements	9,716
Reserve for Renewal & Replacements	101,356
Reserve for 2016 Refunding Bond Funding COI	7,657
Ordinances Overfunded by Notes	142,555

Improvement Authorizations:

Ordinance		
Number		
99-38/07-35	Various Capital Improvements	(86,599)
00-52/03-39	Various Capital Improvements	(24,758)
02-31	Various Capital Improvements	(13,239)
05-32	Construction of New Public Works Facility	(4,400)
05-88	Various Capital Improvements	(68,449)
06-58/07-49	Various Capital Improvements	151,576
07-39	Various Capital Improvements	(24,241)
08-42	Various Capital Improvements	86,315
09-65	Various Capital Improvements	(6,590)
11-51	Police Department Improvements	464
12-60	Various Improvements	(164,620)
13-73	Various Improvements	(30,564)
14-17	911 Call Handling System Upgrades	14,943
14-63	Road Improvements - Oak Street Basic Road	(12,729)
14-70	Various Improvements	63,774
15-22	Improvements to Various roads & Sidewalks	1,044,869
15-63	Various Equipment LPD/EMS/DPW	(21,680)
16-32	Purchase of Mounted Spray Patch Truck	866
		<hr/>
Total		<u><u>\$ 1,466,980</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	36,475,000
Increased by:			
Issuance of Refunding Bonds (Ordinance 2015-21)			<u>4,690,000</u>
Decreased by:			
Budget Appropriation to Pay Bonds	\$	4,225,000	
Retirement of Bonds		<u>4,800,000</u>	<u>9,025,000</u>
Balance December 31, 2016		\$	<u><u>32,140,000</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	BOND ANTICIPATION NOTES PAID	ISSUANCE OF BONDS	PAID BY BUDGET APPROPRIATION	AUTHORIZATIONS (CANCELLED)/ REAPPROPRIATED	BALANCE DECEMBER 31, 2016	ANALYSIS OF BALANCE DECEMBER 31, 2016		
								FINANCED BY	BOND	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
								ANTICIPATION NOTES	EXPENDITURES	
96-28/04-80	Various Capital Improvements	\$ 55,303	\$ -	\$ -	\$ (55,303)	\$ -	\$ -	\$ -	\$ -	\$ -
98-63	Acquisition of Land-Block 965 Lot 4 & Block 967 Lot 1	464	-	-	(464)	-	-	-	-	-
99-38/07-35	Various Capital Improvements & Other Related Expenses	586,281	-	-	-	-	586,281	-	133,487	452,794
00-52/03-39	Various Capital Improvements	158,501	-	-	-	-	158,501	110,000	24,758	23,743
01-33/05-103	Various Capital Improvements & Other Related Expenses	191,180	-	-	-	(190,195)	985	985	-	-
01-39	Acquisition, Demolition, & Development of Public Parking Lots & Related Matters	94	-	-	(94)	-	-	-	-	-
02-31	Various Capital Improvements	414,625	-	-	-	(311,386)	103,239	90,000	13,239	-
03-48	Various Capital Improvements	487,869	-	-	-	(17,409)	470,460	470,460	-	-
04-56/10-67	Various Capital Improvements	13,280	-	-	-	(13,280)	-	-	-	-
05-32	Construction of a New Public Works Facility & Related Expenses	4,400	-	-	-	-	4,400	-	4,400	-
05-88	Various Capital Improvements	385,879	-	-	-	-	385,879	-	70,691	315,188
06-58/07-49	Various Capital Improvements	1,070,986	-	-	-	-	1,070,986	-	-	1,070,986
07-39	Various Capital Improvements	423,626	-	-	-	-	423,626	225,000	41,903	156,723
08-42	Various Capital Improvements	1,533,831	-	-	-	-	1,533,831	1,517,000	(85,450)	102,281
09-65	Upgrade of Police Equipment	500,728	-	-	-	-	500,728	470,000	16,201	14,527
11-51	Police Department Improvements	204,750	-	-	-	-	204,750	204,100	-	650
12-60	Various Improvements	2,667,135	-	-	-	-	2,667,135	1,350,000	283,577	1,033,558
13-73	Various Improvements	1,820,397	500,000	-	-	-	1,320,397	898,400	421,997	-
14-17	911 Call Handling System Upgrades	172,900	-	-	-	-	172,900	172,500	-	400
14-63	Road Improvements - Oak Street Basic Road - Oak Street Basic Road	237,500	-	-	-	-	237,500	220,000	12,729	4,771
14-70	Various Improvements	2,114,734	-	-	-	-	2,114,734	2,009,000	77,437	28,297
15-21	Refunding Bond Ordinance	5,500,000	-	-	-	(810,000)	-	-	-	-
15-22	Improvements to Various roads & Sidewalks	6,175,000	-	4,690,000	-	-	6,175,000	4,600,000	-	1,575,000
15-63	Various Equipment LPD/EMS/DPW	896,325	-	-	-	-	896,325	450,000	177,595	268,730
Total		\$ 25,615,788	\$ 500,000	\$ 4,690,000	\$ (55,861)	\$ (1,342,270)	\$ 19,027,657	\$ 12,787,445	\$ 1,192,564	\$ 5,047,648

Ordinances Overfunded
01-33/05-103
03-48

\$ 126,015
16,540

Total Bond Anticipation Notes

\$ 12,930,000

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	BALANCE DECEMBER 31, 2016 & 2015
93-43	Sidewalk & Curb Improvements	07-22-93	<u>\$ 3,600</u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2016 AUTHORIZATIONS				CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED	EXPENDED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2016			
		BALANCE DECEMBER 31, 2015		ENCUMBERED	UNFUNDED					ENCUMBERED	FUNDED	UNFUNDED	
		ENCUMBERED	FUNDED		ENCUMBERED								FUNDED
99-38/07-35	Reconstruction of Various Streets Repaving of Sidewalks Along West County Line Road Culvert Improvements at Pine Street & Route 9 & Improvements in Cabinfield Area Surveying, Geotechnical & Hydraulic Analysis & General Engineering Studies Along with Physical Improvements to the Forest Drive Dam Acquisition of Equipment & Various Public Improvements	\$	-	\$	3,686 29,592	\$	-	\$	-	\$	-	\$	3,686 29,592
			-	-			-		-		-		
			-	8,477	326,989		-		-		-	8,477	326,989
		39,026	-	-	90,782	-	-	615	-	38,411	-	-	90,782
		-	-	-	1,745	-	-	-	-	-	-	-	1,745
00-52/03-39	Reconstruction of Various Streets HVAC Renovations to Municipal Building Police Department Equipment & Building Improvements Public Works Equipment & Building Improvements Recreational Complex Site Work & Improvements	-	-	-	5,751 31,684	-	-	-	-	-	-	-	5,751 7,293
		-	-	-	1,086	-	-	24,391	-	-	-	-	7,293
		-	-	-	1,997	-	-	-	-	-	-	-	1,086
		-	-	-	7,616	-	-	-	-	-	-	-	1,997
		-	-	-		-	-	-	-	-	-	-	7,616
01-33/05-103	Construction of Recreational Complex Acquisition of Various Equipment & Building, Improvements for Police Department, Acquisition of Risk Management Computer Systems Acquisition & Improvements for Department of Public Works Office of Emergency Management (OEM) Building Repair & Maintenance & Purchase of Emergency Transportation Vehicle Acquisition of Oxygen Tank Safety Locking Devise for Oxygen Fill Station Repair of Community Center Roof & Other Affected Components	-	-	-	167,187	-	-	-	167,187	-	-	-	-
		-	-	-	4,420	-	-	-	4,420	-	-	-	-
		-	-	-	2,261	-	-	-	2,261	-	-	-	-
		-	-	-	7,359	-	-	-	7,359	-	-	-	-
		-	-	-	749	-	-	-	749	-	-	-	-
		-	-	-	8,219	-	-	-	8,219	-	-	-	-
02-31	Overlay of Various Streets Drainage Improvements in the Cabinfield Area Community Center HVAC & Building Repairs Acquisition & Improvements for Department of Public Works Office Emergency Management Building Repairs & Improvements, Acquisition of Four Wheel Drive Vehicle & Trailer, & Construction of Light Tower	-	-	-	1,622 250,000	-	-	-	1,622	-	-	-	-
		-	11,217	-	3,378	-	-	-	261,217	-	-	-	-
		-	-	-	41,570	-	-	-	3,378	-	-	-	-
		-	-	-		-	-	-	41,570	-	-	-	-
		-	-	-	3,599	-	-	-	3,599	-	-	-	-
03-48	Acquisition of Exercise Equipment, Computer Upgrade & Acquisition of Furniture & Equipment Acquisition of Light Tower for OEM Replace Ambulance for Emergency Medical Technicians Acquisition & Improvement for Department of Public Works	-	-	-	8,814 1,116 7,472	-	-	-	8,814 1,116 7,472	-	-	-	-
		-	-	-	8	-	-	-	8	-	-	-	-
04-56	Various Road Improvements Including Paving & Construction/Reconstruction of Sidewalks & Curbs Acquisition of Equipment & Furniture for Municipal Offices Acquisition of Upgraded Dictaphone Recording System for the Police Department Acquisition & Improvements for Department of Public Works Including Replacement of Playground Equipment	-	12,764 34,949	-	- 13,280	-	-	-	12,764 48,229	-	-	-	-
		-	77	-	-	-	-	-	77	-	-	-	-
		-	3,628	-	-	-	-	-	3,628	-	-	-	-

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2016 AUTHORIZATIONS										
		BALANCE DECEMBER 31, 2015		CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED	EXPENDED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2016				
		ENCUMBERED	FUNDED					ENCUMBERED	FUNDED			
05-88	Various Road Improvements Acquisition of Equipment & Furniture for Municipal Offices Replacement of First Responder Units & Installation of Vehicle Exhaust System in Bays for Emergency Medical Technicians	-	-	94,071	-	-	-	-	-	94,071	60	
		8,959	-	14,241	-	-	-	20,898	-	2,242	-	
	Acquisition & Improvements to Township Municipal Building & Office of Emergency Management	23,500	-	191,863	-	-	-	23,500	-	-	-	
	Acquisition of Various Equipment for Police Department	5,412	-	220	-	-	-	-	-	-	-	
06-58/07-49	Various Road Improvements Acquisition of a Command Transport Vehicle & Vehicular Computerized Data Systems/Printer for Emergency Medical Technicians & an Ambulance	2,088	-	899,197	-	-	-	-	-	2,088	-	
	Acquisitions of Equipment & Improvements to Municipal Building	850	-	104,251	-	-	-	-	-	10,236	-	
	Replacement of the Computerized Dispatch/Records Management System for Police Department	-	-	195,579	-	-	-	-	-	-	-	
07-39	Various Road Improvements Acquisition of Equipment for Emergency Medical Technicians	16,797	-	131,905	-	-	-	-	-	16,797	-	
	Acquisitions of Equipment for Office of Emergency Management	-	-	1,340	-	-	-	-	-	-	-	
	Replacement Equipment for Public Works Department Acquisition of Computer Equipment	-	865	16,698	-	-	-	-	-	-	865	
		-	-	6,780	-	-	-	-	-	-	-	
08-42	Various Road Improvements Acquisition of Computer Hardware/Software Upgrades for the Township General Office	-	-	97,471	-	-	-	-	-	-	-	
		865	-	4,810	-	-	-	-	-	865	-	
09-65	Remounting of Ambulance Chassis Replacement of Public Works Equipment Upgrade of Police Equipment	-	-	3,374	-	-	-	-	-	-	-	
		176,949	-	154,488	-	-	-	310,673	-	9,611	-	
10-67	Reappropriations of B/O Mon. Avenue 121 & 2nd Street	-	13,043	-	-	-	-	-	13,043	-	-	
10-16 11-51	Tax Appeal Refunding Police Department Improvements	-	5,742	-	-	-	-	-	5,742	-	-	
		388	-	726	-	-	-	-	-	-	-	
12-60 13-73 14-17 14-63 14-70 15-21 15-22 15-63 16-32	Various Improvements Various Improvements 911 Call Handling System Upgrades Road Improvements - Oak Street Basic Road Various Improvements Refunding Bond Ordinance Improvements to Various roads & Sidewalks Various Equipment LPD/EMS/DPW Purchase of Mounted Spray Patch Truck	87,304 20,456 169,543 - 116,963 - 2,002,765 4,241 -	- - - - - - - 42,934 -	1,133,578 431,735 - 4,771 292,959 5,500,000 4,129,477 896,325 -	- - - - - - - -	- - - - - - - -	68,367 60,758 154,200 - 240,414 4,690,000 3,512,373 518,855 216,134	- - - - - - 810,000 - -	118,957 685 1,721 - 141,211 - 437,506 155,915 -	- - - - - - - - 866	1,033,558 390,748 13,622 4,771 28,297 - 2,182,363 268,730 -	
Total		\$ 2,676,106	\$ 133,696	\$ 15,372,000	\$ -	\$ 217,000	\$ -	\$ 9,841,178	\$ 1,412,474	\$ 936,245	\$ 10,208	\$ 6,198,697

Bonds Refunded \$ 4,690,000
Cash Disbursements 5,151,178
Total \$ 9,841,178

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DATE	INTEREST RATE	BALANCE DECEMBER 31, 2015	PAYD BY BUDGET APPROPRIATION	ISSUED	REFUNDED	BALANCE DECEMBER 31, 2016
2009 Refunding Bond Issue	1/15/09	\$ 3,500,000	01/15/17	5.00%	\$ 960,000	\$ 480,000	-	\$ -	\$ 480,000
General Improvements	11/01/07	9,800,000	11/01/17	4.10%	500,000	500,000	-	4,800,000	500,000
General Improvements	11/06/08	21,800,000	11/01/17 11/01/18	5.00% 5.00%	970,000 970,000	970,000	-	-	1,940,000
General Improvement Refunding Bond	7/31/12	7,705,000	1/15/17 1/15/18 1/15/19 1/15/20	4.00% 4.00% 4.00% 4.00%	705,000 735,000 760,000 790,000	1,585,000	-	-	2,990,000
Pension Obligation Refunding Bonds	7/31/12	955,000	4/1/17 4/1/18 4/1/19 4/1/20 4/1/21	2.25% 2.70% 2.90% 3.25% 3.50%	125,000 135,000 150,000 165,000 50,000	740,000	-	-	625,000
General Improvement Bonds	3/1/2014	7,980,000	3/1/2017 3/1/2018 3/1/2019 3/1/2020 3/1/2021 3/1/2022 3/1/2023 3/1/2024 3/1/2025 3/1/2026	2.00% 2.00% 2.00% 2.00% 2.25% 2.50% 3.00% 3.00% 3.00% 3.00%	705,000 725,000 725,000 725,000 725,000 725,000 725,000 725,000 725,000 725,000	375,000	-	-	7,230,000
Refunding Bonds	11/1/14	14,060,000	11/1/2017 11/1/2018 11/1/2019 11/1/2020 11/1/2021 11/1/2022 11/1/2023 11/1/2024 11/1/2025 11/1/2026 11/1/2027 11/1/2028 11/1/2029 11/1/1930 11/1/2031	2.00% 4.00% 4.00% 4.00% 2.00% 5.00% 2.25% 2.50% 5.00% 5.00% 5.00% 3.25% 3.25% 3.38% 3.38%	135,000 135,000 1,110,000 1,110,000 1,105,000 1,075,000 1,075,000 1,050,000 1,020,000 1,020,000 1,015,000 1,010,000 990,000 965,000 940,000	130,000	-	-	13,755,000

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DATE	INTEREST RATE	BALANCE DECEMBER 31, 2015	PAID BY BUDGET APPROPRIATION	ISSUED	REFUNDED	BALANCE DECEMBER 31, 2016
Refunding Bonds	3/23/16	4,690,000	11/1/2017	-	-	70,000	4,690,000	-	4,620,000
			11/1/2018	3.00%					
			11/1/2019	3.00%					
			11/1/2020	4.00%					
			11/1/2021	4.00%					
			11/1/2022	3.00%					
			11/1/2023	4.00%					
			11/1/2024	4.00%					
			11/1/2025	4.00%					
			11/1/2026	4.00%					
			11/1/2027	4.00%					
Total					\$ 36,475,000	\$ 4,225,000	\$ 4,690,000	\$ 4,800,000	\$ 32,140,000

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016
Various	Various Capital Improvements	4/9/15	6,780,000	3/18/16	3/7/17	2.00%	\$ 6,780,000	6,280,000	6,780,000	\$ 6,280,000
Various	Various Capital Improvements	4/10/14	7,360,000	4/8/16	3/17/17	0.83%	4,700,000	4,950,000	4,700,000	4,950,000
Various	Various Capital Improvements	10/12/16	1,700,000	10/12/16	3/17/17	1.00%	-	1,700,000	-	1,700,000
Total							<u>\$ 11,480,000</u>	<u>\$ 12,930,000</u>	<u>\$ 11,480,000</u>	<u>\$ 12,930,000</u>
							Renewed		\$ 10,980,000	
							Budget Appropriation		500,000	
									<u>\$ 11,480,000</u>	

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 160,610
Increased by:	
Budget Appropriation	<u>200,000</u>
Subtotal	360,610
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>217,000</u>
Balance December 31, 2016	<u><u>\$ 143,610</u></u>

EXHIBIT C-11

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR IMPROVEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2016 & 2015	<u>\$ 9,716</u>
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EXHIBIT C-12

**SCHEDULE OF RESERVE FOR RENEWAL AND REPLACEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2016 & 2015	<u>\$ 101,356</u>
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EXHIBIT C-13

**SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ -
Increased by:	
Interest	<u>4,656</u>
Subtotal	4,656
Decreased by:	
Interest to Current	<u>4,656</u>
Balance December 31, 2016	<u>\$ -</u>

**SCHEDULE OF RESERVE FOR 2014 REFUNDING BONDS COST OF ISSUANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 7,037
Decreased by:	
Closed to Fund Balance	<u>7,037</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

**SCHEDULE OF RESERVE FOR 2016 REFUNDING BONDS COST OF ISSUANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ -
Increased by:	
Cost of Issuance	\$ 55,000
Additional Proceeds	<u>1,097</u>
	<u>56,097</u>
Decreased by:	
Cash Disbursement	<u>48,440</u>
Balance December 31, 2016	<u><u>\$ 7,657</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER/DATE	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	PAID BY BUDGET APPROPRIATIONS	BOND ANTICIPATION NOTES ISSUED	BONDS ISSUED	ORDINANCES CANCELLED	BALANCE DECEMBER 31, 2016
96-28/04-80	Various Capital Improvements	\$ 55,303	\$ 55,303	\$ -	\$ -	-	\$ -
98-63	Acquisition of Land	464	464	-	-	-	-
99-38/07-35	Various Capital Improvements	586,281	-	-	-	-	586,281
00-52	Various Capital Improvements	48,501	-	-	-	-	48,501
01-33	Various Capital Improvements & Other Related Expenses	64,180	-	-	-	64,180	-
01-39	Acquisition, Demolition, & Development of Public Parking Lots & Related Matters	94	94	-	-	-	-
02-31	Various Capital Improvements	324,625	-	-	-	311,386	13,239
03-48	Various Capital Improvements	869	-	-	-	869	-
04-56	Various Capital Improvements	13,280	-	-	-	13,280	-
05-32	Various Capital Improvements	4,400	-	-	-	-	4,400
05-88	Various Capital Improvements	385,879	-	-	-	-	385,879
06-58/07-49/08-40	Various Capital Improvements	1,070,986	-	-	-	-	1,070,986
07-39	Various Capital Improvements	198,626	-	-	-	-	198,626
08-42	Various Capital Improvements	16,831	-	-	-	-	16,831
09-65	Various Capital Improvements	400,728	-	370,000	-	-	30,728
11-51	Police Department Improvements	650	-	-	-	-	650
12-60	Various Capital Improvements	1,317,135	-	-	-	-	1,317,135
13-73	Various Capital Improvements	921,997	-	500,000	-	-	421,997
14-17	Upgrades to 911 Handling System	400	-	-	-	-	400
14-63	Construction of Basin and Road Improvements-Oak Street	17,500	-	-	-	-	17,500
14-70	Various Capital Improvements	735,734	-	630,000	-	-	105,734
15-21	Refunding Bond Ordinance	5,500,000	-	-	4,690,000	810,000	-
15-22	Improvements to Various Roads & Sidewalks	1,575,000	-	-	-	-	1,575,000
15-63	Various Equipment LPD/EMS/DPW	896,325	-	450,000	-	-	446,325
Total		\$ 14,135,788	\$ 55,861	\$ 1,950,000	\$ 4,690,000	\$ 1,199,715	\$ 6,240,212

FIXED ASSETS

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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, 2016**

	BALANCE DECEMBER 31, 2015	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2016
General Fixed Assets:				
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Buildings	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	16,594,048	715,055	-	17,309,103
Total	<u>\$ 48,808,853</u>	<u>\$ 715,055</u>	<u>\$ -</u>	<u>\$ 49,523,908</u>

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SINGLE AUDIT SECTION

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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 NJ OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal and State Program

We have audited Township of Lakewood's, in the County of Ocean, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of the Township of Lakewood's major federal and state programs for the year ended December 31, 2016. The Township of Lakewood'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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Lakewood'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; and the requirements of Title 2 U.S. *Code of Federal Regulations 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*. 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 of Lakewood's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal or state program. However, our audit does not provide a legal determination of the Township of Lakewood's compliance with those requirements.

Opinion on Each Major Federal or 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 or state programs for the year ended December 31, 2016.

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 of Lakewood'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 or 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 of Lakewood'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 #435

Medford, New Jersey
May 18, 2017

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TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S #/ FEDERAL GRANT #	PROGRAM EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
Department of Justice:				
Pass-through Program From:				
State of NJ Department of Law & Public Safety				
Edward Byrne Memorial Justice Assistance Grant	16.751	N/A	\$ 19,737	\$ -
Bulletproof Vest Partnership Grant	16.710	N/A	17,401	-
Total Department of Justice			37,138	-
Department of Energy:				
Direct Program:				
Energy Efficiency and Conservation				
Block Grant Program (EECBG)	81.128	N/A	17,500	-
Total Department of Energy			17,500	-
Department of Transportation:				
Direct Program:				
Airport Improvement Program	20.106	N/A	678,327	-
Pass-through Program From:				
State of NJ Department of Highway Traffic Safety				
Click It or Ticket	20.616	066-1160-100-157	5,000	-
Cops in Shops	20.616	066-1400-100-23(25)	5,600	-
Drive Sober or Get Pulled Over - Holiday Crackdown	20.616	066-1160-100-155	5,000	-
Drive Sober or Get Pulled Over - Labor Day Crackdown	20.616	066-1160-100-157	5,000	-
Total Department of Transportation			698,927	-
Department of Homeland Security				
Pass-through Program From:				
State of NJ Department of Law & Safety				
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	066-1200-100-A92	16,690	- *
Hazard Mitigation Grant (HMGP)	97.039	N/A	214,375	-
Total Department of Homeland Security			231,065	-
Department of Housing & Urban Development				
Direct Programs:				
Community Development Block Grant	14.218	N/A	1,422,860	-
Total Department of Housing & Urban Development			1,422,860	-
Total Federal Financial Assistance			\$ 2,407,490	\$ -

* See Note 3

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, 2016

STATE PROGRAM	STATE ACCOUNT NUMBER OR GRANT NUMBER	GRANT PERIOD	CURRENT EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	CUMULATIVE EXPENDITURES
Department of Transportation:					
New Jersey Transportation Trust Fund Act:					
Municipal Aid Program	480-078-6320-xxx-xxxx	Open	\$ 46,792	\$ -	\$ 206,929
Highway Safety Fund	100-078-6100-051-6010	Open	54,744	-	258,988
Total Department of Transportation			101,536	-	465,917
Department of Environmental Protection:					
Clean Communities Act	4900-765-178900-60	Various	68,352	-	177,333
Recycling Tonnage Grant	4900-752-178840-60	Various	69,403	-	106,198
No Net Loss Reforestation Project Grant	FS14-013	Various	34,500	-	34,500
Total Department of Environmental Protection			172,255	-	318,031
Department of Law & Public Safety:					
Body Armor Grant	1020-718-066-1020-001	Various	18,658	-	35,473
Drunk Driving Enforcement Fund	6400-100-078-6400	Open	1,135	-	89,203
Safe & Secure Communities	100-066-1020-107-232	Various	48,301	-	101,699
Total Department of Law & Public Safety			68,094	-	226,375
Department of Judiciary:					
Alcohol Education & Rehabilitation	2014 & 2015	Various	6,479	-	10,278
Total Department of Judiciary:			6,479	-	10,278
Department of Commerce & Economic Development:					
Small Business Development	2012	Various	6,694	-	88,807
Urban Enterprise Zone Assistance Fund:					
Administrative Budget	763-020-2830-034	Various	86,899	-	182,250
Business Attraction Initiative	763-020-2830-034	Various	122,426	-	122,426
Business to Business Networking Initiative	763-020-2830-034	Various	75,484	-	75,484
Co-op Advertising Program-Pilot Project	763-020-2830-034	Various	25,544	-	235,413
Financial Assistance Program	763-020-2830-034	Various	35,000	-	950,000
Franklin St. Redevelopment Area					
Acquisition	763-020-2830-034	Various	3,810	-	68,462
Hatzolah Emergency Vehicle	763-020-2830-034	Various	20,000	-	20,000
Marketing and Public Relations	763-020-2830-034	Various	355	-	541,050
Strand Theatre	763-020-2830-034	Various	34,693	-	609,216
Total Urban Enterprise Zone Assistance Fund:			404,211	-	2,804,301
Total Department of Commerce & Economic Development			410,905	-	2,893,108
Total State Financial Assistance			\$ 759,269	\$ -	\$ 3,903,431

TOWNSHIP OF LAKEWOOD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures 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 information in this schedule is presented in accordance with the requirements of 2 CFR 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal expenditures presented in the schedule of expenditures of federal awards, the Township of Lakewood did not provide any federal awards to sub-recipients.

The Township of Lakewood has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance, as discussed in 2 CFR 200.414.

Note 3. Relationship to Financial Statements – Statutory Basis

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

	State	Federal	Total
Current Fund:			
Cash Receipts	\$ -	\$16,690*	\$ 16,690*
State & Federal Grant Fund:			
Expenditures	<u>759,269</u>	<u>2,390,800</u>	<u>3,150,069</u>
Total	<u>\$ 759,269</u>	<u>\$2,407,490</u>	<u>\$ 3,166,759</u>

*Expenditures on the SEFA for the Presidentially Declared Disaster Grants – Public Assistance are actual cash receipts received during 2016 for expenditures of the Township in the 2015 year. In accordance with the Federal Emergency Management Agency (FEMA), expenditures from Superstorm Sandy are recorded only when FEMA funds have been released to the municipality.

TOWNSHIP OF LAKEWOOD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND EXPENDITURES OF STATE FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 4. Relationship to Federal Financial Report

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial report.

Note 5. Federal Loans Outstanding

The Township of Lakewood had no loan balances outstanding as of December 31, 2016.

**TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified - Regulatory Basis

Internal control over financial reporting:

1) Material weakness(es) identified? No

2) Where significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to basic financial Statements noted? No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? No

2) Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200 (Uniform Guidance) No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 15-08	No

Identification of major programs:

GMIS Number(s)/ CFDA Number(s)	Name of State Program
16-763-020-2830-034	Urban Enterprise Zone

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Section II – Financial Statement Findings

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

No Current Year Findings

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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

This section identifies audit findings required to be reported by Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

No Current Year Findings

**TOWNSHIP OF LAKEWOOD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

Finding 2015-01:

The compliance review of expenditures revealed individual payments or contracts in excess of the statutory limit "for the performance of work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," where bids had not been previously sought by public advertisement under the provisions of *N.J.S.A. 40A:11-4*.

Status: Management has taken corrective action on this finding.

Finding 2015-02:

During the examination of Municipal Property Sales during the current year, five errors were noted in the eleven sales selected as samples for testing. Five of the eleven samples selected for testing were missing the appropriate supporting documentation to ensure the Township was in compliance with public advertisement and bid requirements under the provision of *N.J.S.A. 40A:12-13*.

Status: Management has taken corrective action on this finding.

Finding 2015-03:

The examination of the payroll fund showed that the payroll activity of the Township is not being accounted for accurately in the general ledger accounting system. The Township does not maintain an accurate monthly analysis of the payroll reserve balance in the general ledger accounting system.

Status: Management has taken corrective action on this finding.

Finding 2015-04:

The examination of the Outside Tax Premiums Account bank reconciliation showed that it was not being reconciled monthly in a timely manner.

Status: Management has taken corrective action on this finding.

Finding 2015-05:

The examination of the tax overpayments ledger within the tax module of the accounting system showed that it was not being maintained accurately by the Tax Collector.

Status: Management has taken corrective action on this finding.

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**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

PART II
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

We have audited the financial statements and transactions of the Township of Lakewood in the County of Ocean for the year ended December 31, 2016. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

Scope of Audit

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

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

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

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

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

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000 for the period of January 1, 2016 to December 31, 2016.

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

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

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

A test was conducted to determine that expenditures greater than \$6,000 for the period of January 1, 2016 to December 31, 2016, obtained solicitation of quotes. No exceptions were noted.

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

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

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

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

Collection of Interest on Delinquent Taxes

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

The governing body on January 1, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

"BE IT FURTHER RESOLVED that the interest at the annual rate of eight (8%) percent per annum be added on the first \$1,500.00 of the tax delinquency; that eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00) in accordance with the statute in such case made and provided; and that six percent (6%) be added on any amount in excess of \$10,000 in interest and principal as of December 31, 2016 as an additional year-end charge.

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2016 include real estate taxes for 2016, 2015, 2014, 2013, 2012, 2011, and 2009.

The last tax sale was held on October 14, 2016.

Inspection of 2016 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2016	190
2015	186
2014	188

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

Deductions from Taxes

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

Examination of Bills

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

Payroll Fund

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

Municipal Court

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

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

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed with the governing body. The collection percentage was 97.39%.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2016.

NAME	POSITION
Menashe P. Miller	Mayor
Albert D. Akerman	Deputy Mayor
Raymond Coles	Committeeman
Michael D'Elia	Committeeman
Meir Lichtenstein	Committeeman
Thomas Henshaw	Township Manager
William Rieker	Treasurer, Chief Financial Officer
Kathryn Hutchinson	Township Clerk
Effie Presley	Tax Collector, Tax Search Officer
Scott J. Basen	Judge
Sheila Wilson	Court Administrator
Steven 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.

Acknowledgment

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

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA #435

Medford, New Jersey
May 18, 2017