

TOWNSHIP OF LAKEWOOD

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2015**

**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, 2015**

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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 comparative 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, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

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.

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

As discussed 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Lakewood, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, 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 and account group of the Township of Lakewood, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Township of Lakewood adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

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 financial statements presented for the various funds are

presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The 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 June 21, 2016, 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
June 21, 2016

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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 Municipality"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated June 21, 2016. Our report on the financial statements-regulatory basis was modified to indicate that the 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, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note I.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality'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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality'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 Municipality'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. We did identify two deficiencies in internal controls, described in the accompanying schedule of Comments & Recommendations section that we consider to be significant deficiencies as Findings 2015-004 and 2015-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality'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 three 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 and which are described in the accompanying Comments & Recommendations section as Findings 2015-001, 2015-002 and 2015-003.

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 Municipality'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 Municipality'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
June 21, 2016

BASIC FINANCIAL STATEMENTS

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EXHIBIT A

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
Regular Fund:			
Cash & Cash Equivalents	A-4	\$ 40,156,194	\$ 25,355,251
Cash - Change Fund	A	1,315	1,315
Due from State of New Jersey	A-10	112,701	95,577
Total Regular Fund		40,270,210	25,452,143
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	3,908,549	3,890,567
Tax Title Liens Receivable	A-7	1,055,494	1,047,447
Abatement Receivable	A-8	26,015	26,015
Property Acquired for Taxes	A-9	51,439,400	52,336,800
Revenue Accounts Receivable	A-11	433,274	323,229
Due from Capital Fund	A-24	-	1,317
Total Receivable & Other Assets With Full Reserves		56,862,732	57,625,375
Deferred Charges:			
Emergency Authorizations	A-3	-	240,103
Special Emergency Authorizations	A-12	1,375,000	446,400
Total Deferred Charges		1,375,000	686,503
Total		98,507,942	83,764,021
Federal & State Grants:			
Due from Current Fund	A-26	858,447	214,477
Federal & State Grants Receivable	A-27	14,241,312	11,073,984
Total Federal & State Grants		15,099,759	11,288,461
Total Assets		\$ 113,607,701	\$ 95,052,482

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2015	2014
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 4,648,036	\$ 2,582,344
Reserve for Encumbrances	A-3	1,911,450	1,682,737
Accounts Payable	A-14	184,081	138,338
Prepaid Taxes	A-15	988,787	1,058,268
Tax Overpayments	A-16	1,677,183	1,490,218
County Taxes Payable	A-17	644,617	443,704
Due to State of New Jersey	A-21	76,144	93,435
Reserve for Tent City Relocation	A	-	18
Interfunds Payable	A-24	2,476,136	1,565,238
Deposits on Sale of Property	A-22	362,652	366,552
Due to Lakewood Housing	A-23	42	42
Special Emergency Notes Payable	A-25	1,375,000	446,400
Prepaid Tax Abatements	A	59	-
Various Reserves	A-20	5,725,599	3,573,191
Total Liabilities		<u>20,069,786</u>	<u>13,440,485</u>
Reserves for Receivables & Other Assets	A	56,862,732	57,625,375
Fund Balance	A-1	<u>21,575,424</u>	<u>12,698,161</u>
Total Regular Fund		<u>98,507,942</u>	<u>83,764,021</u>
State & Federal Grants:			
Reserve for State & Federal Grants:			
Encumbered	A-28	881,016	1,026,293
Reserved	A-28	14,218,743	10,149,175
Unappropriated Reserves	A-29	-	112,993
Total State & Federal Grants		<u>15,099,759</u>	<u>11,288,461</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 113,607,701</u>	<u>\$ 95,052,482</u>

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 7,432,940	\$ 5,700,000
Miscellaneous Revenue Anticipated	20,281,100	20,607,751
Receipts from Delinquent Taxes	3,885,699	3,498,220
Receipts from Current Taxes	176,994,178	163,882,545
Nonbudget Revenues	7,863,221	2,768,518
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,852,520	1,317,240
Cancellation of Grant Appropriated Reserve	-	250,232
Cancellation of Tax Overpayments	-	49,216
Close out Tent City	18	-
Cancellation of Accounts Payable	-	30,078
Interfunds Returned	11,167	1,091,921
Total	<u>218,320,843</u>	<u>199,195,721</u>
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	28,192,892	26,013,689
Other Expenses	28,030,393	27,011,143
Deferred Charges & Statutory Expenditures	5,785,311	5,406,271
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	8,974,923	9,021,088
Capital Improvements	1,047,600	200,000
Municipal Debt Service	6,159,813	5,760,268
Deferred Charges	686,503	613,200
Judgements	100,000	500,000
Local School District Taxes	88,001,082	80,528,810
County Taxes Payable	32,778,328	29,153,158
Fire District Taxes Payable	3,600,852	3,341,700
Cancellation of Grant Receivable Without Appropriation	1,878	159,614
Prior Year Senior Citizens' and Vets' Disallowed	26,065	39,768
Total	<u>203,385,640</u>	<u>187,748,709</u>
Excess in Revenue	14,935,203	11,447,012
Expenditures Included Above which are by Statute		
Deferred Charges to Budgets of Succeeding Years	<u>1,375,000</u>	<u>240,103</u>
Statutory Excess to Fund Balance	16,310,203	11,687,115
Fund Balance January 1,	A <u>12,698,161</u>	<u>6,711,046</u>
Total	29,008,364	18,398,161
Less: Amount of Fund Balance Utilized as Revenue	A-2 <u>7,432,940</u>	<u>5,700,000</u>
Fund Balance December 31,	A <u>\$ 21,575,424</u>	<u>\$ 12,698,161</u>

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ANTICIPATED			
	ADOPTED	SPECIAL	REALIZED	EXCESS
	BUDGET	N.J.S.40A:4-87		(DEFICIT)
Fund Balance Anticipated	\$ 7,432,940	\$ -	\$ 7,432,940	\$ -
Miscellaneous Revenues Anticipated:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	80,000	-	83,650	3,650
Other	129,000	-	153,379	24,379
Fees & Permits:				
Uniform Construction Code	1,700,000	-	3,621,743	1,921,743
Other	540,000	-	686,295	146,295
Fines & Costs - Municipal Court	675,000	-	703,830	28,830
Interest & Costs on Taxes	690,000	-	850,058	160,058
Police Identification Fees	20,000	-	16,427	(3,573)
Payment in Lieu of Taxes:				
Sons of Israel	100,000	-	94,322	(5,678)
Consolidated Municipal Property Tax Relief	388,342	-	388,342	-
Energy Receipts Tax	4,769,265	-	4,769,265	-
Tax Abatement Program Revenues	315,000	-	123,215	(191,785)
Emergency Medical Services	700,000	-	929,798	229,798
Recycling Revenues from County	115,000	-	83,956	(31,044)
General Capital Fund Balance	130,000	-	130,000	-
Municipal Hotel & Occupancy Tax	116,000	-	132,033	16,033
Police Off-Duty Funds	225,000	-	378,821	153,821
Reserve for Repayment of Debt Service	17,069	-	17,069	-
Cell Tower Lease	86,000	-	93,034	7,034
Cable TV Franchise Fees	169,754	-	169,754	-
Subtotal Local Revenues	10,965,430	-	13,424,991	2,459,561
Federal & State Grants:				
Recycling Tonnage Grant	112,993	-	112,993	-
Safe & Secure Communities Program	60,000	-	60,000	-
Clean Communities Program	-	118,408	118,408	-
Body Armor Replacement Grant	-	11,108	11,108	-
NJDOT 2014 Municipal Aid Program	-	26,090	26,090	-
NJDOT 2015 Municipal Aid Program	351,726	-	351,726	-
NJDOT Highway Safety Fund	134,751	-	134,751	-
Office of Emergency Management - Homeland Security	-	5,000	5,000	-
FEMA Hazard Mitigation Grant	392,685	-	392,685	-
Emergency Medical Services - Bequest of Dorothy Lubeck	-	3,000	3,000	-
Community Development Block Grant	-	1,176,583	1,176,583	-
Bulletproof Vest Partnership Grant	-	24,465	24,465	-
Police Donation - ITM Incorruptible Word of Faith	-	1,000	1,000	-
NJ Transit Investment Program	-	3,764,000	3,764,000	-

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ANTICIPATED			
	ADOPTED BUDGET	SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS (DEFICIT)
Urban Enterprise Zone:				
Lakewood Development Corporation 2016 Budget	-	328,800	328,800	-
Business to Business Networking Initiative 2	-	65,500	65,500	-
Business Assistance Initiative 5	-	100,000	100,000	-
Downtown Parking Development - Supplemental Parking Phase III	180,000	-	180,000	-
Total Miscellaneous Revenue	12,197,585	5,623,954	20,281,100	2,459,561
Receipts From Delinquent Taxes	3,050,000	-	3,885,699	835,699
Amount to be Raised by Taxes	54,001,576	-	57,317,385	3,315,809
Nonbudget Revenues	-	-	7,863,221	7,863,221
Total	\$ 76,682,101	\$ 5,623,954	\$ 96,780,345	\$ 14,474,290

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collection	<u>\$ 176,994,178</u>
Net Revenue from Collections	176,994,178
Allocated to School, County & Fire District Taxes	<u>124,380,262</u>
Balance for Support of Municipal Budget Appropriations	52,613,916
Add. Reserve for Uncollected Taxes	<u>4,703,469</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 57,317,385</u></u>
Analysis of Delinquent Taxes:	
Tax Title Liens	\$ 59,928
Delinquent Taxes	<u>3,825,771</u>
Total Receipts From Delinquent Taxes	<u><u>\$ 3,885,699</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Interest on Investments & Deposits	\$ 54,921
Recycling	25,542
Macedonia/Senior Housing	31,623
Lakewood Housing Authority-PILOT	37,749
Miscellaneous Other (MRNA)	32,277
Miscellaneous - Tax Collector	5,181
Cancel Outstanding Checks	18,304
American Baseball Utility Reimbursement	10,735
Co-Gen Host Community Fees	151,079
Lakewood Board of Education - Fuel Usage Reimbursement	72,226
Lakewood Housing - Fuel Reimbursement	2,962
Lakewood MUA - Fuel Usage Reimbursement	26,740
Street Opening Fees	23,025
Crossing Guard Reimbursement	8,158
Airport Lease - Aviation Charter	16,635
Liquor License Bid	168,300
Lakewood Plaza II-Pilot	81,280
NJ Turnpike Authority	750,000
DMV Inspection Fines	4,770
Ocean County JIF Dividend	76,731
Sale of Municipal Property	5,317,808
Verizon Franchise Fee	33,740
Drive Sober or Get Pulled Over	7,500
Foreign Trade Zone Fees	7,348
Ocean County HIF Dividend	464,244
Ocean County Polling Places Fee	400
Other Copies	1,138
Copies Engineering	335
Property Maintenance	6,038
Congregation Ahavas Chesed	14,220
Senior & Veteran - State Admin Fees	11,663
Vehicle Wash reimbursement	245
ST NJ Div of Alchoho Bev. Control	4,000
QUAL-LYNX/Ocean Co. Mun JIF	118,238
UEZ Downtown Pkg Phase 3 Legal Settlement	180,000
Township Auction Proceeds	59,066
Cablevision PEG Access Grant	14,000
Distracted Driving Crackdown	5,000
Lease of Property	20,000
	<hr/>
Total	<u>\$ 7,863,221</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	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	\$ 484,665	\$ 484,665	\$ 430,351	\$ 54,314	\$ -
Other Expenses	13,400	13,400	13,321	79	-
Governing Body:					
Salaries and Wages	124,442	125,942	125,922	20	-
Other Expenses	108,100	108,100	74,885	33,215	-
Office of the Clerk:					
Salaries and Wages	306,000	306,040	305,770	270	-
Other Expenses	51,050	51,050	39,031	12,019	-
Purchasing Department:					
Salaries and Wages	144,123	144,123	123,661	20,462	-
Other Expenses	206,800	206,800	189,083	17,717	-
Financial Administration					
Salaries and Wages	323,232	323,232	316,607	6,625	-
Other Expenses	51,880	51,880	41,455	10,425	-
Audit Services:					
Other Expenses	60,000	60,000	-	60,000	-
Computer Center:					
Salaries and Wages	75,500	75,500	72,648	2,852	-
Other Expenses	107,400	107,400	81,461	25,939	-
Collection of Taxes:					
Salaries and Wages	270,000	270,000	252,153	17,847	-
Other Expenses	65,065	65,065	56,004	9,061	-
Assessment of Taxes:					
Salaries and Wages	416,000	416,000	413,109	2,891	-
Other Expenses	185,815	185,815	146,135	39,680	-
Liquidation of Tax Liens & Foreclosed Property:					
Other Expenses	20,500	20,500	-	20,500	-
Legal Services & Costs:					
Other Expenses	700,000	700,000	592,617	107,383	-
Engineering Services & Costs:					
Other Expenses	740,000	740,000	604,241	135,759	-
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	37,925	37,925	37,206	719	-
Zoning Board:					
Other Expenses	70,000	70,000	37,827	32,173	-
PUBLIC SAFETY FUNCTIONS:					
Police:					
Salaries and Wages	17,121,336	17,004,773	15,903,050	1,101,723	-
Other Expenses	949,200	949,200	936,569	12,631	-
Emergency Management Services:					
Salaries and Wages	52,000	32,000	879	31,121	-
Other Expenses	68,320	68,320	47,922	20,398	-
Emergency Medical Technicians:					
Salaries and Wages	1,020,780	992,280	818,042	174,238	-
Other Expenses	73,525	95,525	92,093	3,432	-
Municipal Prosecutor:					
Other Expenses	81,000	81,000	70,250	10,750	-

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, 2015**

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELLED
PUBLIC WORKS FUNCTION:					
Road Repairs & Maintenance:					
Salaries and Wages	1,072,910	1,072,910	1,033,690	39,220	-
Other Expenses	392,100	403,663	356,369	47,294	-
Street Cleaning:					
Salaries and Wages	196,163	176,163	149,191	26,972	-
Other Expenses	18,300	18,300	13,612	4,688	-
Department of Public Works:					
Salaries and Wages	679,117	682,117	675,808	6,309	-
Other Expenses	46,375	46,375	41,237	5,138	-
Shade Tree Commission:					
Salaries and Wages	135,731	141,731	138,788	2,943	-
Other Expenses	9,480	9,480	3,947	5,533	-
Cross Street Landfill Maintenance:					
Other Expenses	10,000	10,000	1,645	8,355	-
Garbage & Trash Removal:					
Salaries and Wages	1,215,972	1,264,972	1,246,585	18,387	-
Other Expenses	210,000	210,000	197,715	12,285	-
Recycling:					
Salaries and Wages	773,900	788,900	744,541	44,359	-
Other Expenses	66,550	66,550	56,305	10,245	-
Public Buildings & Grounds:					
Salaries and Wages	241,315	248,315	242,880	5,435	-
Other Expenses	140,500	170,500	170,488	12	-
Apartment Trash Reimbursements:					
Other Expenses	570,000	580,000	579,364	636	-
Automotive Mechanics:					
Salaries and Wages	454,031	436,031	402,685	33,346	-
PUBLIC WORKS FUNCTION (continued):					
Municipal Garage:					
Salaries and Wages	84,814	66,814	43,827	22,987	-
Other Expenses	115,500	115,500	101,466	14,034	-
Community Services Act:					
Other Expenses	1,145,000	1,220,000	1,149,438	70,562	-
MUNICIPAL COURT FUNCTIONS:					
Municipal Court:					
Salaries and Wages	445,000	435,000	418,401	16,599	-
Other Expenses	90,625	120,625	116,881	3,744	-
Public Defender:					
Other Expenses	56,000	56,000	54,833	1,167	-
HEALTH & HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries and Wages	76,000	75,960	70,300	5,660	-
Other Expenses	2,340	2,340	1,785	555	-
Environmental Commission (N.J.S. 40:56-A-1, et seq.):					
Other Expenses	2,000	2,000	1,470	530	-
Animal Control:					
Salaries and Wages	78,626	78,626	75,914	2,712	-
Other Expenses	77,800	77,800	54,215	23,585	-
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	40,000	40,000	-	-
PARKS & RECREATION FUNCTIONS:					
Recreation:					
Salaries and Wages	222,000	222,000	204,429	17,571	-
Other Expenses	42,400	42,400	39,697	2,703	-
Community Center:					
Salaries and Wages	113,450	113,450	105,780	7,670	-
Other Expenses	28,650	28,650	12,201	16,449	-
Parks & Playgrounds:					
Salaries and Wages	908,396	871,396	819,978	51,418	-
Other Expenses	142,450	142,450	116,476	25,974	-

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, 2015**

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELLED
OTHER COMMON OPERATING FUNCTIONS:					
Accumulated Leave Compensation	500,000	500,000	500,000	-	-
Celebration of Public Events:					
Other Expenses	12,000	12,000	12,000	-	-
Transfer to Lakewood Airport Authority	100,000	100,000	17,306	82,694	-
Lakewood Public Transportation	240,000	240,000	213,886	26,114	-
CODE ENFORCEMENT & ADMINISTRATION:					
State Uniform Construction Code Officials:					
Salaries and Wages	1,195,092	1,298,092	1,291,583	6,509	-
Other Expenses	392,400	387,400	321,222	66,178	-
Property Maintenance Code:					
Salaries and Wages	45,860	45,860	45,859	1	-
INSURANCE:					
Liability Insurance	941,587	941,587	933,911	7,676	-
Workers Compensation Insurance	971,743	971,743	956,692	15,051	-
Group Insurance Plan for Employees	11,549,200	11,549,200	10,800,434	748,766	-
Health Insurance Waivers	55,000	55,000	51,397	3,603	-
UTILITY EXPENSES & BULK PURCHASES:					
Electricity	410,000	410,000	375,211	34,789	-
Street Lighting	940,000	940,000	779,277	160,723	-
Telephone	149,000	149,000	134,019	14,981	-
Water	57,500	57,500	53,994	3,506	-
Natural Gas	133,000	133,000	79,839	53,161	-
Gasoline	1,131,000	1,041,000	643,336	397,664	-
Stadium Utilities	35,000	35,000	26,795	8,205	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Landfill Disposal Costs	3,182,100	3,182,100	2,964,082	218,018	-
Total Operations Within CAPS	56,215,785	56,215,785	51,835,076	4,380,709	-
Contingent	7,500	7,500	-	7,500	-
Total Operations Including Contingent Within "CAPS"	56,223,285	56,223,285	51,835,076	4,388,209	-
Detail:					
Salaries and Wages	28,276,455	28,192,892	26,472,431	1,720,461	-
Other Expenses	27,946,830	28,030,393	25,362,645	2,667,748	-
DEFERRED CHARGES & STATUTORY EXPENDITURES WITHIN CAPS:					
Statutory Expenditures:					
Contributions to Employees Retirement System	1,258,082	1,258,082	1,258,082	-	-
Social Security System (O.A.S.I.)	1,178,100	1,178,100	1,165,839	12,261	-
NJ Police & Fireman's Retirement System	3,336,029	3,336,029	3,336,029	-	-
Volunteer Firemen's Widow Pension					
R.S.43:12-28.2	4,800	4,800	4,800	-	-
Defined Contribution Retirement Program	8,300	8,300	5,806	2,494	-
Deferred Charges & Statutory Expenditures Within CAPS	5,785,311	5,785,311	5,770,556	14,755	-
Total Appropriations Within CAPS	62,008,596	62,008,596	57,605,632	4,402,964	-
OPERATIONS - EXCLUDED FROM CAPS					
Recycling Tax:					
Other Expenses	117,918	117,918	117,918	-	-
Declared State of Emergency Costs for					
Snow Removal	110,221	110,221	110,221	-	-
SMFP Fire District Payments	47,327	47,327	47,327	-	-
Group Insurance Plan for Employees	116,800	116,800	116,800	-	-
Reassessment	-	1,375,000	1,375,000	-	-
Total Operations Excluded from "CAPS"	392,266	1,767,266	1,767,266	-	-

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Public & Private Programs Offset by Revenues:					
FEMA-Hazard Mitigation Grant					
Federal Share	392,685	392,685	392,685	-	-
Local Share	85,525	85,525	85,525	-	-
Safe & Secure Communities Program:					
State Share	60,000	60,000	60,000	-	-
Local Share	236,023	236,023	236,023	-	-
Clean Communities Program	-	118,408	118,408	-	-
Recycling Tonnage Grant	112,993	112,993	112,993	-	-
Bulletproof Vest Partnership Grant	-	24,465	24,465	-	-
Body Armor Replacement Grant	-	11,108	11,108	-	-
Public & Private Programs Offset by Revenues (continued):					
Matching Funds for Grants	30,000	30,000	11,438	18,562	-
Urban Enterprise Zone:					
Administrative Grant	-	328,800	328,800	-	-
Business Assistance Initiative 5	-	100,000	100,000	-	-
Business to Business Networking Initiative 2	-	65,500	65,500	-	-
Supplemental Parking Phase III	180,000	180,000	180,000	-	-
Office of Emergency Management - Homeland Security	-	5,000	5,000	-	-
Donation - Police - ITM Incomptible Word of Faith Tabernacle Inc	-	1,000	1,000	-	-
NJ Transit Capital Investment Program (CFDA 20-500) - Parking Lot Project	-	3,764,000	3,764,000	-	-
NJDOT 2014 Municipal Aid Program	-	26,090	26,090	-	-
NJDOT 2015 Municipal Aid Program	351,726	351,726	351,726	-	-
CDBG HUD Block Grant #B-15-MC-34-0128	-	1,103,406	1,103,406	-	-
US Department of Housing & Urban Dev.	-	73,177	73,177	-	-
Emergency Medical Services - Bequest of Dorothy Lukeck	-	3,000	3,000	-	-
NJDOT 2015 Highway Safety Fund	134,751	134,751	134,751	-	-
Total Public & Private Programs Offset by Revenues	1,583,703	7,207,657	7,189,095	18,562	-
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	350,000	350,000	350,000	-	-
Acquisition of Property	697,600	697,600	480,000	217,600	-
Total Capital Improvements - Excluded from CAPS	1,047,600	1,047,600	830,000	217,600	-
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	4,130,000	4,130,000	4,130,000	-	-
Payment of Bond Anticipation Notes	540,000	540,000	540,000	-	-
Interest on Bonds	1,436,028	1,436,028	1,436,027	-	1
Interest on Notes	53,936	53,936	53,786	-	150
Total Municipal Debt Service - Excluded from CAPS	6,159,964	6,159,964	6,159,813	-	151

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, 2015

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELLED
Deferred Charges - Excluded from "CAPS":					
Emergency Authorizations	240,103	240,103	240,103	-	-
Special Emergency Authorizations - 5 Years	446,400	446,400	446,400	-	-
Total Deferred Charges - Municipal - Excluded from CAPS:	686,503	686,503	686,503	-	-
Judgements	100,000	100,000	91,090	8,910	-
Total General Appropriations Excluded from CAPS	9,970,036	16,968,990	16,723,767	245,072	151
Subtotal General Appropriations	71,978,632	78,977,586	74,329,399	4,648,036	151
Reserve For Uncollected Taxes	4,703,469	4,703,469	4,703,469	-	-
Total General Appropriations	<u>\$ 76,682,101</u>	<u>\$ 83,681,055</u>	<u>\$ 79,032,868</u>	<u>\$ 4,648,036</u>	<u>\$ 151</u>
Budget		\$ 76,682,101			
Emergency Authorizations		1,375,000			
Added by N.J.A. 40A:4-87		5,623,954			
Total		<u>\$ 83,681,055</u>			
Disbursements			\$ 64,397,075		
Refunds of Current Year Appropriations			(1,218,286)		
Reserve for Encumbrances			1,911,450		
Appropriated Reserves for Federal & State Grants			7,177,657		
Reserve for Reassessment			1,375,000		
Deferred Charges			686,503		
Reserve for Uncollected Taxes			4,703,469		
Total			<u>\$ 79,032,868</u>		

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**TOWNSHIP OF LAKEWOOD
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
Animal Control Trust Fund:			
Due from State of New Jersey	B-5	\$ 363	\$ 369
Interfund - Current Fund	B-4	<u>22,541</u>	<u>23,912</u>
Total Animal Control Fund		<u>22,904</u>	<u>24,281</u>
Grant Trust Fund:			
Cash	B-1	<u>199,525</u>	<u>199,027</u>
General Trust Fund:			
Cash & Cash Equivalents	B-1	9,340,402	7,520,303
Investments	B-2	511,423	515,830
Interfund - Current Fund	B-7	<u>1,595,148</u>	<u>1,326,849</u>
Total General Trust Fund		<u>11,446,973</u>	<u>9,362,982</u>
Total Assets		<u><u>\$ 11,669,402</u></u>	<u><u>\$ 9,586,290</u></u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-3	<u>\$ 22,904</u>	<u>\$ 24,281</u>
Total Animal Control Fund		<u>22,904</u>	<u>24,281</u>
Grant Trust Fund:			
Reserve for Revolving Loan Grant	B-6	<u>199,525</u>	<u>199,027</u>
General Trust Fund:			
Various Reserves	B-8	<u>11,446,973</u>	<u>9,362,982</u>
Total General Trust Fund		<u>11,446,973</u>	<u>9,362,982</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 11,669,402</u></u>	<u><u>\$ 9,586,290</u></u>

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

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
Cash & Cash Equivalents	C-2	\$ 4,464,973	\$ 1,138,630
Deferred Charges to Future Taxation:			
Funded	C-4	36,475,000	40,605,000
Unfunded	C-5	25,615,788	14,131,082
Prospective Assessments Raised by Taxation	C-6	3,600	3,600
Total Assets		<u>\$ 66,559,361</u>	<u>\$ 55,878,312</u>
LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Encumbered	C-7	\$ 2,676,106	\$ 1,967,685
Funded	C-7	114,911	915,832
Unfunded	C-7	15,390,785	6,959,047
Serial Bonds	C-8	36,475,000	40,605,000
Bond Anticipation Notes	C-9	11,480,000	4,940,000
Capital Improvement Fund	C-10	160,610	182,785
Reserve for Improvements	C-11	9,716	9,716
Reserve for Prospective Assessments Raised by Taxation	C	3,600	3,600
Reserve for Bond Funding COI 2012	C-14	-	14,914
Reserve for Renewal & Replacement	C-12	101,356	101,356
Due to Current Fund	C-13	-	1,317
Reserve for Bond Funding COI 2014	C-15	7,037	26,987
Reserve to Pay Bonds	C	-	17,069
Fund Balance	C-1	140,240	133,004
Total Liabilities, Reserves & Fund Balance		<u>\$ 66,559,361</u>	<u>\$ 55,878,312</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$ 14,135,788 and on December 31, 2014 was \$9,191,081.

**TOWNSHIP OF LAKEWOOD
PAYROLL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	<u>2015</u>	<u>2014</u>
Cash	<u>\$ 377,548</u>	<u>\$ 406,186</u>
Total Assets	<u><u>\$ 377,548</u></u>	<u><u>\$ 406,186</u></u>
LIABILITIES & RESERVES		
Payroll Reserve	\$ 89,831	\$ 145,672
Due to Various Agencies	<u>287,717</u>	<u>260,514</u>
Total Liabilities & Reserves	<u><u>\$ 377,548</u></u>	<u><u>\$ 406,186</u></u>

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

EXHIBIT E

**TOWNSHIP OF LAKEWOOD
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	<u>2015</u>	<u>2014</u>
General Fixed Assets:		
Land	\$ 6,989,500	\$ 6,989,500
Buildings	25,225,305	25,225,305
Furniture & Fixtures, Equipment & Vehicles	<u>16,594,048</u>	<u>15,805,012</u>
Total	<u><u>\$ 48,808,853</u></u>	<u><u>\$ 48,019,817</u></u>
FUND BALANCE		
Total Investment in General Fixed Assets	<u><u>\$ 48,808,853</u></u>	<u><u>\$ 48,019,817</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, 2015**

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TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

Component Units

The Township of Lakewood had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and 61.

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, 2015

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 deposits 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, 2015

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 has not been accounted for separately.

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Building	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	15,805,012	789,036	-	16,594,048
Total	<u>\$ 48,019,817</u>	<u>\$ 789,036</u>	<u>\$ -</u>	<u>\$ 48,808,853</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, 2015

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, 2015

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 - For the year ended December 31, 2015, the Township implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No.27). The implementation of the Statement requires the Township to disclose its portion of the collective net pension liability of the New Jersey Public Employees’ Retirement System (PERS) and the New Jersey Police and Firemen’s Retirement System (PFRS).

Subsequent Events - The Township of Lakewood has evaluated subsequent events occurring after December 31, 2015 through the date of June 21, 2016, 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, 2015

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, 2015, and reported at fair value are as follows:

Deposits:	
Demand Deposits	<u>\$ 54,546,635</u>
Total Deposits	<u>\$ 54,546,635</u>

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

Current:	
Treasurer	\$ 40,164,187
Grant Trust	199,525
Other Trust	9,340,402
Payroll Trust	377,548
General Capital	<u>4,464,973</u>
Total	<u>\$ 54,546,635</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, 2015, the Township's bank balance of \$55,999,638 was exposed to custodial credit risk as follows:

Insured	\$ 1,168,687
Uninsured and uncollateralized	10,716,597
Collateralized in the District's Name Under GUDPA	<u>44,114,354</u>
Total	<u>\$55,999,638</u>

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015, 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, 2015

Note 3. Investments (continued):

As of December 31, 2015, 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>\$ 511,423</u>
Total Investment			<u>\$ 511,423</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.

Comparison of Tax Rate Information

	2015	2014	2013
Total Tax Rate	<u>\$2.835</u>	<u>\$2.689</u>	<u>\$2.469</u>
Apportionment of Tax Rate:			
Municipal	0.861	0.861	0.783
County	0.513	0.467	0.452
Local School	1.403	1.306	1.190
Fire District	0.058	0.055	0.044

Net Valuation Taxable:

2015	<u>\$ 6,271,965,700</u>	
2014	<u>\$ 6,163,648,740</u>	
2013		<u>\$ 6,265,574,666</u>

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2015	\$ 181,444,332	\$ 176,994,178	97.55%
2014	168,349,041	163,882,545	97.35%
2013	156,732,622	150,977,590	96.33%

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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
2015	\$ 1,055,494	\$ 3,908,549	\$ 4,964,043	2.74%
2014	1,047,447	3,890,567	4,938,014	2.93%
2013	1,013,318	3,616,508	4,629,826	2.95%

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
2015	\$ 51,439,400
2014	52,336,800
2013	52,704,700

Note 6. Interfund Receivables and Payables

The following interfunds remained as of December 31, 2015:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 2,476,136
Federal and State Grant Fund	858,447	-
Trust - Animal Control Fund	22,541	-
Trust - Other Fund	1,595,148	-
	<u>\$ 2,476,136</u>	<u>\$ 2,476,136</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, 2015

Note 6. Interfund Receivables and Payables (continued):

Fund	Transfers In	Transfers Out
Current Fund	\$ 4,476,299	\$ 3,564,084
Federal and State Grant Fund	3,253,367	3,897,337
General Capital Fund	2,461	3,778
Trust - Other Fund	292,434	560,733
Trust - Animal Control Fund	15,822	14,451
	<u>\$ 8,040,383</u>	<u>\$ 8,040,383</u>

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:			
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%
2011	10,036,459	7,997,000	79.68%

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, 2015

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 1/5th 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 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 fiscal year 2015, 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. Township contributions to PERS amounted to \$1,201,020 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At December 31, 2015, the Township's proportionate share of the PERS net pension liability is valued to be \$32,323,997. The net pension liability was measured as of June 30, 2015. 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 June 30, 2014, to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8. Pension Obligations (continued):

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

participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2015, was .14400%, which was a decrease of .00169% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	32,323,997	27,276,532
District's portion of the Plan's total net pension Liability	0.14400%	0.14569%

For the year ended December 31, 2015, the Township had an allocated pension expense of \$2,196,839.

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8. Pension Obligations (continued):

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

assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 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%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8. Pension Obligations (continued):

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
Township's proportionate share of the net pension liability	\$ 40,174,773	\$ 32,323,997	\$ 25,741,963

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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, 2015

Note 8. Pension Obligations (continued):

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

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 2015, 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. Township contributions to PFRS amounted to \$3,150,410 for 2015.

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

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.

Net Pension Liability and Pension Expense - At December 31, 2015, the Township's proportionate share of the PFRS net pension liability is valued to be \$67,564,313. The net pension liability was measured as of June 30, 2015. 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 June 30, 2014, to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2015, was .40563%, which was a decrease of .00454% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Acturial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	67,564,313	51,595,927
District's portion of the Plan's total net pension Liability	0.40563%	0.41017%

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8. Pension Obligations (continued):

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

For the year ended December 31, 2015, the Township had an allocated pension expense of \$5,884,258.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$5,925,164 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. 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 June 30, 2014, to the measurement date of June 30, 2015. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2015 was .40563%, which was a decrease of .00454% from its proportion measured as of June 30, 2014, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 67,564,313
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>5,925,164</u>
Total Net Pension Liability	<u><u>\$ 73,489,477</u></u>

For the year ended December 31, 2015, the Township's total allocated pension expense was \$6,623,336.

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PFRS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8. Pension Obligations (continued):

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

from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 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 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 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%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made on the average of the last five years of 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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8. Pension Obligations (continued):

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

2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 96,882,461	\$ 73,489,477	\$ 54,414,588

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 9. Compensated Absences (continued):

1991. Any employee hired before May of 1991 shall be paid ½ the value of accumulated sick time. Unused vacation time may be accumulated and carried over to a succeeding year in an amount not exceeding one year's worth of vacation time. More time than that can be carried over with prior approval of the Municipal Manager through the Governing Body. Upon retirement, payment for vacation time cannot exceed more than two years' worth of accumulated time. (If an employee earns 18 days of vacation time per year, the maximum payout upon retirement for vacation time is 36 days).

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

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

Note 10. Long-Term Liabilities:

During the fiscal year ended December 31, 2015 the following changes occurred in capital debt and long-term liabilities:

	December 31, 2014	Accrued/ Increases	Retired/ Decreases	December 31, 2015	Due Within One Year
General Obligation Bonds	\$ 40,605,000	\$ -	\$ (4,130,000)	\$ 36,475,000	\$ 4,155,000
Bond Anticipation Notes	4,940,000	11,480,000	(4,940,000)	11,480,000	11,480,000
Authorized but Not Issued	9,191,081	12,571,325	(7,626,618)	14,135,788	-
Net Pension Liability - PERS	27,276,532	5,047,465	-	32,323,997	-
Net Pension Liability - PFRS	51,595,927	15,968,386	-	67,564,313	-
OPEB Actuarial Accrued Liability	139,782,629	39,742,007	-	179,524,636	-
Compensated Absences	3,050,945	38,903	-	3,089,848	-
Total	\$ 276,442,114	\$ 84,848,086	\$ (16,696,618)	\$ 344,593,582	\$ 15,635,000

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.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 10. Long-Term Liabilities (continued):

Summary of Municipal Debt	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
Issued & Outstanding			
General:			
Bonds, Loans & Notes	<u>\$ 47,955,000</u>	<u>\$ 45,545,000</u>	<u>\$ 43,750,000</u>
Net Debt Issued	<u>47,955,000</u>	<u>45,545,000</u>	<u>43,750,000</u>
Authorized But Not Issued			
General - Bonds & Notes	<u>14,135,788</u>	<u>9,191,081</u>	<u>11,833,843</u>
Total Issued & Authorized but Not Issued	<u>62,090,788</u>	<u>54,736,081</u>	<u>55,583,843</u>
Less:			
Bonds per N.J.S.A.40A:2-52	<u>740,000</u>	<u>840,000</u>	<u>935,000</u>
Total	<u>740,000</u>	<u>840,000</u>	<u>935,000</u>
Net Bonds & Notes Issued & Authorized but Not Issued	<u>\$ 61,350,788</u>	<u>\$ 53,896,081</u>	<u>\$ 54,648,843</u>

Summary of Statutory Debt Condition - Annual Debt Statement

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

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 34,697,241	\$ 34,697,241	\$ -
General Debt	<u>62,090,788</u>	<u>740,000</u>	<u>61,350,788</u>
Total	<u>\$ 96,788,029</u>	<u>\$ 35,437,241</u>	<u>\$ 61,350,788</u>

Net Debt, \$61,350,788 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$7,693,611,354 equals 0.797%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 278,726,397
Net Debt	<u>61,350,788</u>
Remaining Borrowing Power	<u>\$ 217,375,609</u>

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 10. Long-Term Liabilities (continued):

As of December 31, 2015, 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, 2027 at interest rates ranging from 4.00% to 4.250%.	\$ 5,800,000
\$21,800,000 2008 Bonds due in annual installments of \$970,000 Through November 1, 2018 at interest rates ranging from 5.0%	2,910,000
2009 Refunding Bond Issue due in annual installments of \$55,000 to \$480,000 through January 2017 at interest rates ranging from 2.0% to 5.0%.	960,000
2012 General Improvement Refunding Bond Issue due in annual installments of \$705,000 to 1,585,000 through January 2020 at interest rates ranging from 3.0% to 4.0%.	4,575,000
2012 Pension Obligation Refunding Bond Issue due in annual installments of \$20,000 to 165,000 through January 2020 at interest rates ranging from 0.75% to 3.50%.	740,000
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% .	7,605,000
2014 Refunding Bonds Issue due in annual installments of \$130,000 to \$1,110,000 through November 2031 at interest rates ranging from 1.0% to 5.0%.	<u>13,885,000</u>
Total	<u>\$ 36,475,000</u>

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
2016	\$ 4,155,000	\$ 1,282,989	\$ 5,437,989
2017	3,620,000	1,128,733	4,748,733
2018	3,200,000	998,704	4,198,704
2019	3,245,000	875,781	4,120,781
2020	3,290,000	760,400	4,050,400
2021-2025	11,500,000	2,574,725	14,074,725
2026-2030	6,525,000	758,769	7,283,769
2031	940,000	31,725	971,725
Total	<u>36,475,000</u>	<u>8,411,826</u>	<u>\$ 44,886,826</u>

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 10. Long-Term Liabilities (continued):

Bond Anticipation Notes:

During the year ended December 31, 2015 the Township issued a bond anticipation note in the amount of \$4,700,000 with an interest rate of 0.68% and maturing on April 8, 2016 for the purpose of various capital improvements. The Township also issued a second bond anticipation note in the amount of \$6,780,000 with an interest rate of 1.50% and maturing on April 8, 2016 for the purpose of various capital improvements.

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
2015	\$ 321	\$ 35,431	\$ 96,333
2014	465	53,602	131,443
2013	592	51,256	184,580

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 2015, 2014 and 2013.

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.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015.

♦ *Annual Required Contribution*

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

The ARC as of December 31, 2015 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, 2015 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.

TOWNSHIP OF LAKEWOOD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 15. Post Employment Retirements Benefits (continued):

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.

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2015 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.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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.

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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, 2015**

Balance December 31, 2014		\$ 25,355,251
Increased by Receipts:		
Tax Collector	\$ 181,699,609	
Nonbudget Revenue	7,667,721	
State of New Jersey (Ch. 20, P.L. 1971)	564,645	
Special Emergency Notes Issued	1,375,000	
Revenue Accounts Receivable	12,357,396	
Interfunds	3,847,109	
Refunds to Appropriations	1,218,286	
Various Reserves	1,579,111	
Due to State of New Jersey	257,348	
Deposits on Sale of Property	231,600	
Section 8 Existing Housing	16,001,891	226,799,716
Subtotal		252,154,967
Decreased by Disbursements:		
2015 Budget Appropriations	64,397,075	
Interfunds	3,248,470	
Repayment of Emergency Notes	446,400	
2014 Appropriation Reserves	2,340,943	
Accounts Payable	25,875	
County Taxes Payable	32,577,415	
Local School District Tax	88,001,082	
Fire District Tax	3,600,852	
Various Reserves	801,703	
Tax Overpayments	242,428	
Due to State of New Jersey	274,639	
Return of Deposits on Sale of Property	40,000	
Section 8 Existing Housing	16,001,891	211,998,773
Balance December 31, 2015		<u>\$ 40,156,194</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEARS ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$	-
Increased by Receipts:			
Taxes Receivable	\$	179,583,240	
Tax Title Liens		59,928	
Revenue Accounts Receivable		217,537	
Prepaid Taxes		988,787	
Prepaid Tax Abatements		59	
Interest & Costs on Taxes		850,058	181,699,609
Subtotal			181,699,609
Decreased by Disbursements:			
Turnover to Treasurer			181,699,609
Balance December 31, 2015		\$	-

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2015**

YEAR	BALANCE DECEMBER 31, 2014	COLLECTED		2015 LEVY	TRANSFERRED TO TAX TITLE LIENS		OVERPAYMENTS APPLIED	OVERPAYMENTS CREATED	CHAPTER 20, P.L. 1971 SENIOR CITIZENS & VETERANS	CANCELLED, REMITTED OR ABATED	BALANCE DECEMBER 31, 2015
		2014	2015								
Arrears	\$ 11,210	\$ -	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,071	\$ -
2009	18	-	-	-	-	-	-	-	-	-	18
2011	62	-	53	-	-	-	-	-	-	-	9
2012	14	-	-	-	-	-	-	-	-	-	14
2013	15,817	-	8,445	-	6,748	-	-	-	-	622	2
2014	3,863,446	-	3,817,134	-	3,071	-	-	-	(26,065)	67,884	1,422
Total	3,890,567	-	3,825,771	-	9,819	-	-	-	(26,065)	79,577	1,465
2015	-	181,444,332	1,058,268	175,757,469	55,085	869,295	1,298,688	607,834	487,985	3,907,084	
Balance	\$ 3,890,567	\$ 181,444,332	\$ 1,058,268	\$ 179,583,240	\$ 64,904	\$ 869,295	\$ 1,298,688	\$ 581,769	\$ 567,562	\$ 3,908,549	

ANALYSIS OF 2015 PROPERTY TAX LEVY

Tax Yield:		
General Purpose Tax	\$ 174,136,368	
Fire District Tax	3,600,852	
Added & Omitted Tax	3,707,112	
Total	\$ 181,444,332	
Tax Levy:		
Local District School Tax	\$ 88,001,082	
County Taxes:		
County Taxes	\$ 27,197,917	
County Library Tax	2,944,893	
County Health Tax	1,059,807	
County Open Space Tax	931,093	
Due County for Added & Omitted Taxes	644,618	
Total County Taxes	32,778,328	
Fire District Taxes	3,600,852	
Local Tax for Municipal Purposes	54,001,576	
Add: Additional Tax Levied	3,062,494	
Total	\$ 181,444,332	

EXHIBIT A-7

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEARS ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$	1,047,447
Increased by:			
Interest & Costs	\$	3,071	
Transfer from Taxes Receivable		64,904	67,975
			<hr/>
Subtotal			1,115,422
Decreased by:			
Cash Collections			59,928
			<hr/>
Balance December 31, 2015		\$	<u><u>1,055,494</u></u>

EXHIBIT A-8

**SCHEDULE OF TAX ABATEMENT RECEIVABLE
FOR THE YEARS ENDED DECEMBER 31, 2015**

Balance December 31, 2014 and 2015	\$	<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, 2015**

EXHIBIT A-9

Balance December 31, 2014	\$ 52,336,800
Decreased by:	
Properties Removed by Sale	<u>897,400</u>
Balance December 31, 2015	<u><u>\$ 51,439,400</u></u>

**SCHEDULE OF DUE FROM STATE - P.L. 1971, C. 20
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT A-10

Balance December 31, 2014	\$ 95,577
Increased by:	
Deductions per Tax Duplicate:	
Senior Citizens	\$ 142,250
Veterans	458,500
Deductions Allowed by Collector	<u>7,084</u>
Subtotal	<u>607,834</u>
	703,411
Decreased by:	
Received from State of New Jersey	564,645
Deductions Disallowed	<u>26,065</u>
Balance December 31, 2015	<u><u>\$ 112,701</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, 2014	ACCRUED IN 2015	COLLECTION		BALANCE DECEMBER 31, 2015
			TREASURER	COLLECTOR	
Clerk:					
Alcoholic Beverages Licenses	\$ -	\$ 83,650	\$ 83,650	\$ -	\$ -
Other Licenses	7,954	145,425	153,379	-	-
Division of Inspections:					
Construction Code Official	237,333	3,732,663	3,621,743	-	348,253
Other Fees & Permits	25,659	691,233	686,295	-	30,597
Department of Police:					
Police Identification Fees	-	16,427	16,427	-	-
Municipal Court:					
Fines & Costs	52,283	705,971	703,830	-	54,424
Recycling Revenue from County	-	83,956	83,956	-	-
Emergency Medical Services	-	929,798	929,798	-	-
Police Off-Duty Employment Funds	-	378,821	378,821	-	-
Cell Tower Lease	-	93,034	93,034	-	-
Municipal Hotel & Occupancy Tax	-	132,033	132,033	-	-
Tax Abatement Program Revenue	-	123,215	-	123,215	-
General Capital Fund Balance	-	130,000	130,000	-	-
Reserve for Repayment of Debt Service	-	17,069	17,069	-	-
Tax Collector:					
Payment in Lieu of Taxes:					
Sons of Israel	-	94,322	-	94,322	-
Interest & Costs on Taxes	-	850,058	-	850,058	-
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	-	169,754	169,754	-	-
Total	\$ 323,229	\$ 13,535,036	\$ 12,357,396	\$ 1,067,595	\$ 433,274

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
N.J.S. 40A: 4-55 SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2015

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2014	AUTHORIZED	BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2015
5/26/11	Retirement of Employees	\$ 1,116,000	\$ 223,200	\$ 446,400	\$ -	\$ 446,400	\$ -
6/11/15	Revaluation of Real Property	1,375,000	275,000	-	1,375,000	-	1,375,000
	Total	\$ 446,400	\$ 1,375,000	\$ 446,400	\$ 1,375,000	\$ 446,400	\$ 1,375,000

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BALANCE DECEMBER 31, 2014</u>		<u>BALANCE</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>RESERVED</u>	<u>ENCUMBERED</u>	<u>AFTER</u>	<u>CHARGES</u>	<u>LAPSED</u>
Administrative & Executive:					
Office of the Manager:					
Other Expenses	\$ 9,193	\$ 837	\$ 10,030	\$ 1,501	\$ 8,529
Governing Body:					
Other Expenses	14,436	9,623	24,059	11,001	13,058
Municipal Clerk:					
Salaries	2,491	70	2,561	70	2,491
Other Expenses	4,357	5,374	9,731	5,204	4,527
Purchasing Department:					
Other Expenses	13,863	20,848	34,711	25,672	9,039
Financial Administration:					
Other Expenses	11,729	91	11,820	6,510	5,310
Annual Audit	60,000	-	60,000	60,000	-
Computer Center:					
Other Expenses	37,573	16,054	53,627	22,439	31,188
Collection of Taxes:					
Other Expenses	5,301	12,749	18,050	12,332	5,718
Assessment of Taxes:					
Other Expenses	47,951	8,499	56,450	25,356	31,094
Legal Services & Costs:					
Other Expenses	8,247	6,098	94,345	71,682	22,663
Engineering Services & Costs:					
Other Expenses	33,330	89,331	152,661	128,145	24,516
Planning Board:					
Other Expenses	8,848	3,332	12,180	6,208	5,972
Zoning Board:					
Other Expenses	38,053	1,093	39,146	2,763	36,383
Police:					
Salaries and Wages	553,842	-	443,842	28,162	415,680
Other Expenses	2,173	203,448	205,621	201,639	3,982
Emergency Management Services:					
Other Expenses	1,942	19,394	21,336	19,784	1,552
Emergency Medical Technicians:					
Other Expenses	335	20,221	20,556	20,227	329
Municipal Prosecutor					
Other Expenses	11,250	6,250	17,500	12,500	5,000
Road Repairs & Maintenance:					
Other Expenses	36,080	66,656	102,736	75,431	27,305
Street Cleaning:					
Other Expenses	578	1,216	1,794	1,216	578
Department of Public Works:					
Other Expenses	1,894	3,955	5,849	5,798	51
Shade Tree Commission:					
Other Expenses	6,632	689	7,321	1,741	5,580
Apartment Trash Reimbursement	20,933	134,767	155,700	134,767	20,933
Garbage & Trash Removal:					
Other Expenses	2,772	34,095	36,867	34,393	2,474
Recycling:					
Salaries and Wages	-	38,365	38,365	35,418	2,947
Other Expenses	3,392	5,333	8,725	5,402	3,323
Public Buildings & Grounds:					
Other Expenses	10,247	13,772	24,019	23,987	32
Condominium Reimbursements:					

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>BALANCE DECEMBER 31, 2014</u>		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGES	LAPSED
Other Expenses	164,416	235,665	400,081	373,504	26,577
Municipal Garage:					
Other Expenses	4,358	14,370	18,728	16,861	1,867
Municipal Court:					
Other Expenses	1,595	3,965	5,560	4,212	1,348
Public Defender					
Other Expenses	167	5,483	5,650	5,483	167
Board of Health:					
Salaries and Wages	-	155	155	155	-
Environmental Commission:					
Other Expenses	1,023	90	1,113	270	843
Animal Control:					
Other Expenses	20,680	349	21,029	6,037	14,992
Recreation:					
Other Expenses	2,587	19,789	22,376	20,266	2,110
Community Center:					
Other Expenses	7,991	4,887	12,878	6,289	6,589
Parks & Playgrounds:					
Other Expenses	4,258	46,464	50,722	48,790	1,932
Transfer to Lakewood Airport	58,825	10,882	69,707	10,882	58,825
State Uniform Construction Code Officials:					
Other Expenses	109,949	32,657	142,606	68,232	74,374
Liability Insurance	4,788	7,515	12,303	2,275	10,028
Group Insurance Plan	350,631	5,548	356,179	3,974	352,205
Electricity	62,528	45,638	85,166	52,411	32,755
Street Lighting	90,357	97,652	211,009	208,986	2,023
Telephone	11,873	877	12,750	8,753	3,997
Water	13,719	1,065	14,784	2,718	12,066
Natural Gas	15,603	-	15,603	15,004	599
Gasoline	65,650	47,526	113,176	74,390	38,786
Stadium Utilities	7,030	-	7,030	4,740	2,290
Landfill Disposal Costs	77,992	366,000	443,992	366,000	77,992
Matching Funds for Grants	18,000	3,000	21,000	3,000	18,000
Judgement Tent City	118,981	11,000	129,981	129,981	-
All Other Accounts Without Activity	421,901	-	421,901	-	421,901
Total General Appropriations	\$ 2,582,344	\$ 1,682,737	\$ 4,265,081	\$ 2,412,561	\$ 1,852,520
			Cash Disbursements	\$ 2,340,943	
			Accounts Payable	<u>71,618</u>	
			Total	<u>\$ 2,412,561</u>	

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT A-14

Balance December 31, 2014	\$ 138,338
Increased by:	
Appropriation Reserves	<u>71,618</u>
Subtotal	209,956
Decreased by:	
Cash Disbursed	<u>25,875</u>
Balance December 31, 2015	<u><u>\$ 184,081</u></u>

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT A-15

Balance December 31, 2014	\$ 1,058,268
Increased by:	
Collections, 2016 Taxes	<u>988,787</u>
Subtotal	2,047,055
Decreased by:	
Applied to Taxes Receivable	<u>1,058,268</u>
Balance December 31, 2015	<u><u>\$ 988,787</u></u>

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT A-16

Balance December 31, 2014	\$ 1,490,218
Increased by:	
Created	<u>1,298,688</u>
Subtotal	2,788,906
Decreased by:	
Disbursements	\$ 242,428
Applied	<u>869,295</u>
	1,111,723
Balance December 31, 2015	<u><u>\$ 1,677,183</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT A-17

Balance December 31, 2014		\$	443,704
Increased by:			
County Tax	\$	27,197,917	
County Library Tax		2,944,893	
County Health Tax		1,059,807	
County Open Space Preservation		931,093	
Due County for Added & Omitted Taxes		644,618	32,778,328
Subtotal			33,222,032
Decreased by:			
Payments			32,577,415
Balance December 31, 2015		\$	644,617

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT A-18

Balance December 31, 2014	\$	-
Increased by:		
Levy - Calendar Year 2015		88,001,082
Subtotal		88,001,082
Decreased by:		
Payments		88,001,082
Balance December 31, 2015	\$	-

**SCHEDULE OF FIRE DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT A-19

Balance December 31, 2014	\$	-
Increased by:		
Levy - Calendar Year		3,600,852
Subtotal		3,600,852
Decreased by:		
Payments		3,600,852
Balance December 31, 2015	\$	-

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

	BALANCE DECEMBER 31, 2014	INCREASED	DECREASED	BALANCE DECEMBER 31, 2015
Reserve For:				
Industrial Commission	\$ 1,336,384	\$ 1,420,587	\$ 114,203	\$ 2,642,768
Co-Gen Overpayments	1,775,854	-	-	1,775,854
Overpayments	460,953	-	-	460,953
Revaluation	-	1,375,000	687,500	687,500
Miscellaneous Receipts	-	75,075	-	75,075
Superstorm Sandy	-	83,449	-	83,449
Total	<u>\$ 3,573,191</u>	<u>\$ 2,954,111</u>	<u>\$ 801,703</u>	<u>\$ 5,725,599</u>

Cash Receipts	\$ 1,579,111
Current Year Budget Appropriation	<u>1,375,000</u>
	<u>\$ 2,954,111</u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	TOTAL	CONSTRUCTION TRAINING FEES	MARRIAGE/ DOMESTIC PARTNERSHIP FEES	BURIAL FEES
Balance December 31, 2014	\$ 93,435	\$ 87,660	\$ 5,775	\$ -
Increased by:				
Cash Receipts	<u>257,348</u>	<u>235,058</u>	<u>22,275</u>	<u>15</u>
Subtotal	<u>350,783</u>	<u>322,718</u>	<u>28,050</u>	<u>15</u>
Decreased by:				
Cash Disbursed	<u>274,639</u>	<u>252,724</u>	<u>21,900</u>	<u>15</u>
Balance December 31, 2015	<u>\$ 76,144</u>	<u>\$ 69,994</u>	<u>\$ 6,150</u>	<u>\$ -</u>

EXHIBIT A-22

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEPOSITS ON SALE OF PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	366,552
Increased by:			
Cash Receipts			<u>231,600</u>
Subtotal			598,152
Decreased by:			
Cash Disbursements	\$	40,000	
Applied to Sales of Property		<u>195,500</u>	<u>235,500</u>
Balance December 31, 2015		\$	<u><u>362,652</u></u>

EXHIBIT A-23

**SCHEDULE OF DUE TO LAKEWOOD HOUSING
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$	42
Increased by:			
Cash Receipts			<u>16,001,891</u>
Subtotal			16,001,933
Decreased by:			
Cash Disbursed			<u>16,001,891</u>
Balance, December 31, 2015		\$	<u><u>42</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF INTERFUNDS - OTHER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	TOTAL	FEDERAL & STATE GRANT FUND	GENERAL TRUST	CAPITAL FUND	ANIMAL CONTROL TRUST
Balance, December 31, 2014:					
Interfund Receivable	\$ 1,317	\$ -	\$ -	\$ 1,317	\$ -
(Interfund Payable)	(1,565,238)	(214,477)	(1,326,849)	-	(23,912)
Increased by:					
Grant Reserves Cancelled	305,764	305,764	-	-	-
Disbursements	3,246,009	2,947,603	292,434	-	5,972
Statutory Excess in Reserve	9,850	-	-	-	9,850
Interfund Loan	2,461	-	-	2,461	-
Total Increased by	3,564,084	3,253,367	292,434	2,461	15,822
Subtotal	2,000,163	3,038,890	(1,034,415)	3,778	(8,090)
Decreased by:					
Animal Control Receipts	14,451	-	-	-	14,451
Matching Funds for Grants	321,548	321,548	-	-	-
Grants Receivable Canceled	307,640	307,640	-	-	-
Return to Current	3,271,927	3,268,149	-	3,778	-
Subtotal	3,915,566	3,897,337	-	3,778	14,451
Various Reserves	560,733	-	560,733	-	-
Total Decreased by	4,476,299	3,897,337	560,733	3,778	14,451
Balance, December 31, 2015:					
Interfund Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
(Interfund Payable)	\$ (2,476,136)	\$ (858,447)	\$ (1,595,148)	\$ -	\$ (22,541)

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF EMERGENCY AUTHORIZATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2014	INCREASED	DECREASED	BALANCE DECEMBER 31, 2015
Retirement of Employees	9/19/14	9/18/15	1.50%	\$ 446,400	\$ -	\$ 446,400	\$ -
Reassessment	8/25/15	4/8/16	0.75%	-	1,375,000	-	1,375,000
		Total		\$ 446,400	\$ 1,375,000	\$ 446,400	\$ 1,375,000

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014			\$	(214,477)
Increased by:				
Disbursed by Current Fund:				
Appropriated Reserves	\$	2,947,603		
Cancellation of Grant Appropriated Reserve		<u>305,764</u>		<u>3,253,367</u>
Subtotal				3,038,890
Decreased by:				
Deposited in Current Fund:				
Grants Receivable		3,268,149		
Grant Matching Funds		<u>321,548</u>		
Cancellation of Grant Receivables		<u>307,640</u>		<u>3,897,337</u>
Balance December 31, 2015			\$	<u>(858,447)</u>

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

GRANT	BALANCE DECEMBER 31, 2014	2015 ANTICIPATED REVENUE	CASH RECEIVED	UNAPPROPRIATED RESERVES REALIZED AS		CANCELLED	ADJUSTMENTS	BALANCE DECEMBER 31, 2015
				REVENUE	REVENUE			
Body Armor Replacement Fund	\$ -	\$ 11,108	\$ 11,108	\$ -	\$ -	-	\$ -	-
Bulletproof Vest Partnership Program	4,482	-	-	-	-	-	-	4,482
Bulletproof Vest Partnership Program - 2015	-	24,465	-	-	-	-	-	24,465
Clean Communities	-	118,408	118,408	-	-	-	-	-
Community Development Block Grant- 2013	784,694	-	784,694	-	-	-	-	-
Community Development Block Grant- 2014	1,197,287	-	624,092	-	-	-	-	573,195
Community Development Block Grant- 2015	-	1,176,583	-	-	-	-	-	1,176,583
Edward Byrne Memorial Justice Assistance Grant	960	-	-	-	-	489	-	471
Edward Byrne Memorial Justice Assistance Grant - 2012	92,535	-	87,669	-	-	-	-	4,866
Edward Byrne Memorial Justice Assistance Grant - 2013	32,963	-	11,577	-	-	-	-	21,386
Edward Byrne Memorial Justice Assistance Grant - 2014	31,395	-	10,117	-	-	-	-	21,278
Office of Emergency Assistance Grant	10,000	-	10,000	-	-	-	-	-
Emergency Medical Service - Bequest of Dorothy Lukeck Helipad	-	3,000	3,000	-	-	-	-	-
Municipal Alliance On Alcoholism & Drug Abuse - 2013	9,667	-	-	-	-	-	-	9,667
New Jersey Department of Transportation: Cedarbridge Corporate Campus Fourth Street	32,239	-	-	-	32,239	-	-	-
Highway Safety Fund	21,755	-	-	-	-	-	-	21,755
Highway Safety Fund - 2015	25,176	-	-	-	-	-	-	25,176
Jet Fuel Tank	181,323	-	-	-	-	-	-	181,323
Kettle Creek & Vine Street Access Project	-	134,751	-	-	-	-	-	134,751
Kettle Creek & Vine Street Access Project - Phase II	15,340	-	-	-	-	-	-	15,340
Raintree - Phase III	23	-	-	-	-	-	-	23
Municipal Aid Program 2009	37,551	-	-	-	-	-	-	37,551
Municipal Aid Program 2011	71,620	-	-	-	-	-	-	71,620
Municipal Aid Program 2012	75,735	-	38,505	-	-	-	-	37,230
Municipal Aid Program 2013	66,240	-	-	-	-	-	-	66,240
Municipal Aid Program 2014	23,979	-	-	-	-	-	-	23,979
Municipal Aid Program 2015	11,829	-	-	-	-	-	-	11,829
Police ITM Incurable Word	250,000	26,090	127,901	-	-	-	-	148,189
	-	351,726	-	-	-	-	-	351,726
	-	1,000	1,000	-	-	-	-	-

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

GRANT	BALANCE DECEMBER 31, 2014	2015 ANTICIPATED REVENUE	CASH RECEIVED	UNAPPROPRIATED RESERVES REALIZED AS REVENUE	CANCELLED	ADJUSTMENTS	BALANCE DECEMBER 31, 2015
Runway End Identifier Lights	18,691	-	-	-	-	-	18,691
Recycling Tonnage Grant	-	112,993	-	112,993	-	-	-
Safe & Secure Communities Program	20,000	60,000	60,000	-	-	-	20,000
Small Business Development	81,193	-	23,306	-	-	-	57,887
State Homeland Security Program	4,580	5,000	-	-	4,580	-	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 - 2014	147,630	-	3,671	-	143,959	-	-
Administrative Grant - 2015	329,100	-	95,351	-	3	-	233,746
Administrative Grant - 2016	-	328,800	-	-	-	-	328,800
Business Attraction Initiative	2,261	-	-	-	-	-	2,261
Business Attraction Initiative - 2012	7,087	-	-	-	7,087	-	-
Business Attraction Initiative - 2013	7,762	-	-	-	7,762	-	-
Business Attraction Initiative - IV	100,000	-	97,123	-	-	-	2,877
Business Attraction Initiative - V	-	100,000	-	-	-	-	100,000
Co-op Advertising Program- Pilot Project	81,465	-	41,333	-	-	-	40,132
Downtown Parking Development Phase II	-	-	-	-	-	-	-
Property Acquisition	329	-	318	-	11	-	-
Downtown Parking Phase II	25,300	-	25,300	-	-	-	-
Downtown Parking Phase III	96,898	180,000	183,491	-	-	-	93,407
Emergent Stadium Repair	92,254	-	-	-	92,254	-	-
Financial Assistance Program	446,581	-	446,581	-	-	-	-
Financial Assistance II	66,918	-	28,149	-	-	-	38,769

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

GRANT	BALANCE DECEMBER 31, 2014	2015 ANTICIPATED REVENUE	CASH RECEIVED	UNAPPROPRIATED			ADJUSTMENTS	BALANCE DECEMBER 31, 2015
				RESERVES REALIZED AS REVENUE	CANCELLED			
Franklin Street Redevelopment Area								
Appraisals & Evaluations	67,786	-	32,439	-	-	-	-	35,347
First Aid & Emergency Squad Vehicle Grant	20,000	-	20,000	-	-	-	-	-
Franklin Street Redevelopment Area Acquisition	8,986	-	143	-	8,843	-	-	-
FY 11 966 Reimbursement Plan	11	-	-	-	11	-	-	-
Infrastructure Improvements Lakewood								
Industrial Park	18,303	-	6,190	-	-	-	-	12,113
Lakewood Transit Connect - 2012	4,728	-	-	-	-	-	-	4,728
Lakewood Transit Connect - 2013	17,637	-	7,574	-	-	-	-	10,063
Marketing & Public Relations - VI	115,999	-	23,449	-	-	-	-	92,550
Monmouth Avenue Revitalization	10,402	-	-	-	-	10,402	-	-
Municipal Services-Comm Equipt Chaveirim	-	-	-	-	-	-	-	-
Municipal Services- 2014	125,000	-	125,000	-	-	-	-	-
Business to Business Networking Initiative	70,500	-	70,500	-	-	-	-	-
Business to Business Networking Initiative II	-	65,500	-	-	-	-	-	65,500
Strand Theater Year IV Capital Improvements	81,155	-	-	-	-	-	-	81,155
Strand Theater Capital Improvements & Renovations - Phase III	377,197	-	32,874	-	-	-	-	344,323
Wellands Mitigation- State	681	-	-	-	-	-	-	681
Federal Awards:								
US DOT Lakewood Airport	160,282	-	60,526	-	-	(14,877)	-	84,879
US DOT Taxiway Construction Phase I	63,857	-	42,455	-	-	-	-	21,402
US DOT Airport Development Grant - Runway	24,271	-	14,305	-	-	-	-	9,966
Environmental Study Phase III	153	-	-	-	-	-	-	153
FEMA - Hazard Mitigation Grant	-	392,685	-	-	-	-	-	392,685
Fence Environmental	41,057	-	-	-	-	28,418	-	69,475
NJ Transit CIP Parking Lot Project	-	3,764,000	-	-	-	-	-	3,764,000
Perimeter Fence Phase II	296,057	-	-	-	-	-	-	296,057
Wellands Mitigation	15,983	-	-	-	-	(13,540)	-	2,443
Grand Total	\$ 11,073,984	\$ 6,856,109	\$ 3,268,149	\$ 112,993	\$ 307,640	\$ 1	\$ 14,241,312	

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

GRANT	BALANCE		TRANSFERS		BALANCE	
	DECEMBER 31, 2014		FROM 2015		DECEMBER 31, 2015	
	ENCUMBERED	RESERVED	APPROPRIATIONS	BUDGET	ENCUMBERED	RESERVED
	\$	\$	\$	\$	\$	\$
Alcohol Education & Rehabilitation	-	4,881	-	-	-	1,582
Alcohol Education & Rehabilitation - 2000	-	1,000	-	-	-	1,000
Alcohol Education & Rehabilitation - 2009	-	4	-	-	-	-
Alcohol Education & Rehabilitation - 2011	-	3,317	-	-	-	1,717
Alcohol Education & Rehabilitation - 2012	-	3,992	-	-	-	3,992
Alcohol Education & Rehabilitation - 2013	-	2,212	-	-	-	2,212
Alcohol Education & Rehabilitation - 2014	-	11,490	-	-	-	11,490
Alcohol Education & Rehabilitation - 2015	-	188	-	-	-	188
Body Armor Replacement Grant	-	3,543	-	-	-	-
Body Armor Replacement Grant - 2013	-	24,365	-	-	-	7,550
Body Armor Replacement Grant - 2014	-	-	11,108	-	-	11,108
Body Armor Replacement Grant - 2015	-	-	24,465	-	-	24,465
Bulletproof Vest Partnership Grant - 2015	-	-	118,408	-	-	243,899
Clean Communities Program	5,426	206,548	-	-	4,400	-
Community Development Block Grant - 2008	-	51	-	-	-	51
Community Development Block Grant - 2009	-	132,674	-	-	-	132,669
Community Development Block Grant - 2010	-	2,764	-	-	-	2,764
Community Development Block Grant - 2011	16,507	1,199	-	-	-	1,199
Community Development Block Grant - 2012	37,792	12,223	-	-	4,657	18,640
Community Development Block Grant - 2013	95,669	204,844	-	-	15,462	15,913
Community Development Block Grant - 2014	29,791	964,496	-	-	226,443	59,670
Community Development Block Grant - 2015	-	-	1,176,583	-	180,900	188,583
Community Development Block Grant - Title I Assistance	-	-	-	-	176,957	999,626
Domestic Violence Training Grant	-	35,848	-	-	-	35,848
Driving While Intoxicated	-	1,250	-	-	-	1,250
Drunk Driving Enforcement Fund - 2008	-	30,463	-	-	-	27,992
Drunk Driving Enforcement Fund - 2009	-	24,016	-	-	-	23,678
Drunk Driving Enforcement Fund - 2011	-	13,752	-	-	-	13,730
Drunk Driving Enforcement Fund - 2014	550	423	-	-	-	423
Drunk Driving Enforcement Fund - 2015	-	52,796	-	-	-	170
Edward Byrne Memorial Justice Assistance Grant	31,471	61,017	-	-	-	35,096
Emergency Assistance Grant	15,000	8,255	-	-	3,038	8,255
Emergency Medical Service - Bequest of Dorothy Lukech	-	-	3,000	-	-	3,000
Energy Efficiency Grant	34,500	74,786	-	-	-	55,860
Environmental Study Phase III- Federal	-	3,039	-	-	-	3,039
Environmental Study Phase III- State	-	459	-	-	-	459
Fence Environmental- Federal	-	76,011	-	-	-	76,011
Fence Environmental- Local	-	4,342	-	-	-	4,342
Gypsy Moth Grant	-	23,829	-	-	-	23,829
Helipad- State	-	20	-	-	-	20
Helipad- Local	-	1	-	-	-	1
Municipal Alliance on Alcoholism & Drug Abuse 2013	-	17,308	-	-	17,308	-
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 - Sports & Entertainment - H2 - S2 - Grant - Local	-	1,740	-	-	-	1,740
State of NJ - OSHP - CARS Grant Program	-	1,333	-	-	-	1,333
State of NJ- NU OEM Citizens Corp-2012	-	2	-	-	-	2

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

GRANT	BALANCE DECEMBER 31, 2014		TRANSFERS FROM 2015 BUDGET	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2015	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
New Jersey Department of Transportation:							
Discretionary Aid - Rainforest - 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	44,657	200,000	-	-	-	14,151	75,711
Municipal Aide Program 2015	-	-	26,090	180,885	-	-	351,726
Highway Safety Fund	-	10,884	351,726	-	-	-	10,884
Highway Safety Fund 2013	23,714	65,796	-	76,193	-	-	13,317
Highway Safety Fund 2015	-	-	134,751	51,653	-	-	83,098
Jet Fuel Tank	-	17,800	-	-	-	-	17,800
Cedarbridge Corporate Campus	15,498	6,732	-	-	-	15,498	6,732
NJ State Police - Emergency Management Grant	-	5,000	-	-	-	-	5,000
NJ Emergency Assistance Grant	-	5,000	-	-	-	-	5,000
Ocean County JIF Police Accreditation	3,250	7,000	-	10,250	-	-	-
Ocean County Cultural & Heritage	-	20,000	-	12,800	-	300	6,900
Commission	-	13,000	-	-	13,000	-	-
Perimeter Fence Phase II- Federal	-	294,434	-	-	-	-	294,434
Perimeter Fence Phase II- State	-	7,764	-	-	-	-	7,764
Perimeter Fence Phase II- Local	-	7,763	-	-	-	-	7,763
Police ITM Incorruptible Word	-	-	1,000	-	-	-	1,000
Recycling Mini-Grant - Ocean County	-	4,132	-	-	-	-	4,132
Recycling Mini-Grant - Ocean County - 2007	-	645	-	-	645	-	-
Recycling Mini-Grant - Ocean County - 2008	-	249	-	-	249	-	-
Recycling Tonnage Grant	14,820	153,012	112,993	68,221	-	10,837	201,767
USDOT Runway End Identifier Lights- State	866	15,216	-	-	-	866	15,216
USDOT Runway End Identifier Lights- Local	46	711	-	-	-	45	712
Safe & Secure Communities Programs - State 2014	-	3,301	-	3,301	-	-	-
Safe & Secure Communities Programs - Local 2014	-	27,204	-	25,598	-	-	1,606
Safe & Secure Communities Programs - State 2015	-	-	60,000	53,398	-	-	6,602
Safe & Secure Communities Programs - Local 2015	-	-	236,023	144,045	-	-	91,978
Self Service Fuel Tank- State	-	5,694	-	-	-	-	5,694
Self Service Fuel Tank- Local	-	300	-	-	-	-	300
Seal Coating/Winsock- State	-	250,468	-	-	-	-	250,468
Seal Coating/Winsock- Local	-	13,182	-	-	-	-	13,182
Small Business Development	-	51,193	-	23,306	-	6,694	51,193
State Homeland Security	30,000	1,202	5,000	-	1,202	-	5,000
State Forestry Serv.-Community Forestry	-	3,000	-	-	-	-	3,000
State of NJ - Smart Future Planning - Downtown	-	-	-	-	-	-	-
Parking & Traffic Circulation Plan	-	100	-	-	-	-	100
State of NJ - No Net Loss Reforestation	-	-	-	-	-	-	-
Project Grant FS14-013	-	-	-	-	-	-	-
State of NJ - No Net Loss Reforestation	-	3,763,800	-	-	-	-	3,763,800

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

GRANT	BALANCE DECEMBER 31, 2014		TRANSFERS FROM 2015 BUDGET	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2015	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
Project Grant FS14-060	-	972,000	-	-	-	-	972,000
Urban Enterprise Zone:							
Acquisition of 228 Main Street	-	35,298	-	-	-	-	35,298
Administrative Budget 2014	2,614	143,960	-	2,614	143,960	-	-
Administrative Budget 2015	-	329,100	-	95,351	-	294	233,455
Administrative Budget 2016	-	-	328,800	-	-	511	328,289
Business Attraction Initiative	-	2,262	-	-	-	-	2,262
Business Attraction Initiative II	-	7,087	-	-	7,087	-	-
Business Attraction Initiative III	-	7,762	-	-	7,762	-	-
Business Attraction Initiative IV	-	3,350	-	-	-	-	-
Business Attraction Initiative V	96,650	-	100,000	97,123	-	96,650	2,877
Business to Business Networking	70,500	-	-	70,500	-	-	3,350
Business to Business Networking II	-	-	65,500	-	-	65,500	-
Co-op Advertising Program- Pilot Project	81,230	235	-	41,333	-	39,103	1,029
Downtown Parking Development Phase II Property							
Acquisition	318	12	-	318	12	-	-
Downtown Parking Phase II	-	85,870	-	14,428	-	-	71,442
Supplemental Parking Project - Phase 3	33,887	2,442	180,000	194,363	-	2,500	19,466
Emergent Stadium Repair	-	92,253	-	-	92,253	-	-
Financial Assistance Program	70,000	408,499	-	439,730	-	35,000	3,769
First Aid & Emergency Squad Vehicle Grant	-	20,000	-	20,000	-	-	-
Franklin Street Redevelopment Area							
Appraisals & Evaluations	6,442	59,113	-	30,207	-	1,569	33,779
Franklin Street Redevelopment Area Acquisition	-	8,843	-	-	8,843	-	-
Infrastructure Improvements- Industrial Park	-	11,933	-	-	-	-	11,933
Lakewood Transit Connect II	-	4,728	-	-	-	-	4,728
Lakewood Transit Connect III	10,744	6,893	-	7,574	-	-	10,063
Marketing & Public Relations - 2008	2,295	124,613	-	23,449	-	-	103,459
Monmouth Avenue Revitalization	6,905	3,495	-	-	-	-	-
Strand Theater - Capital Improvements (Year 3)	1,618	456,732	-	32,874	10,400	-	-
FEMA - Hazard Mitigation Grant	-	-	392,685	-	-	4,669	420,807
FEMA - Hazard Mitigation Grant - Local	-	-	85,525	-	-	-	392,685
NJ Transit CJP Parking Lot Project	-	-	3,764,000	-	-	-	3,764,000
USDOT Taxiway Construction-Phase I	69,892	-	-	62,795	-	7,097	-
USDOT Runway Obstruction Removal - Federal	28,478	2,203	-	4,594	-	23,884	2,203
USDOT FAA Lakewood Airport- Federal	9,627	56,533	-	15,413	-	595	50,152
USDOT FAA Lakewood Airport Runway- Federal	41,496	7,665	-	15,456	-	26,040	7,665
USDOT FAA Lakewood Airport- State	-	2,829	-	359	-	-	2,470
Total	\$ 1,026,294	\$ 10,149,175	\$ 7,177,657	\$ 2,947,603	\$ 305,764	\$ 881,016	\$ 14,218,743

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

GRANT	BALANCE DECEMBER 31, 2014	FUNDING RECEIVED	TRANSFERRED TO ANTICIPATED REVNEUE	BALANCE DECEMBER 31, 2015
Recycling Tonnage Grant	\$ 112,993	\$ -	\$ 112,993	\$ -
Total	\$ 112,993	\$ -	\$ 112,993	\$ -

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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, 2015**

	<u>GRANT TRUST FUND</u>	<u>GENERAL TRUST FUND</u>
Balance December 31, 2014	\$ 199,027	\$ 7,520,303
Increased by Receipts:		
Investment Earnings	\$ 498	\$ -
Various Reserves	<u>-</u>	<u>12,786,071</u>
Total Receipts	<u>498</u>	<u>12,786,071</u>
Subtotal	<u>199,525</u>	<u>20,306,374</u>
Decreased by Disbursements:		
Various Reserves	<u>-</u>	<u>10,965,972</u>
Total Disbursements	<u>-</u>	<u>10,965,972</u>
Balance December 31, 2015	<u><u>\$ 199,525</u></u>	<u><u>\$ 9,340,402</u></u>

EXHIBIT B-2

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 515,830
Increased by:	
Net Interest Earnings	<u>6,566</u>
Subtotal	522,396
Decreased by:	
Drawdowns	<u>10,973</u>
Balance December 31, 2015	<u><u>\$ 511,423</u></u>

EXHIBIT B-3

**ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 24,281
Increased by:	
Dog License Fees Collected	\$ 11,788
Miscellaneous Fees Collected	<u>615</u>
	12,403
Subtotal	36,684
Decreased by:	
Expenditures Under R.S. 4:19-15.11	3,930
Due to Current Fund	<u>9,850</u>
	13,780
Balance December 31, 2015	<u><u>\$ 22,904</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2014	\$ 11,340
2013	<u>11,564</u>
	<u><u>\$ 22,904</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
ANIMAL CONTROL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT B-4

Balance December 31, 2014		\$	23,912
Increased by:			
Reserve for Animal Control Expenditures	\$	12,403	
Due to State of New Jersey		<u>2,048</u>	<u>14,451</u>
Subtotal			38,363
Decreased by:			
Reserve for Animal Control Expenditures		3,930	
Excess in Reserve		9,850	
Due to State of New Jersey		<u>2,042</u>	<u>15,822</u>
Balance December 31, 2015		\$	<u><u>22,541</u></u>

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT B-5

Balance December 31, 2014	\$	369
Increased by:		
Remitted to State of New Jersey		<u>2,042</u>
Subtotal		2,411
Decreased by:		
State Fees		<u>2,048</u>
Balance December 31, 2015	\$	<u><u>363</u></u>

**TOWNSHIP OF LAKEWOOD
GRANT TRUST FUND
SCHEDULE OF RESERVE FOR REVOLVING LOAN GRANT
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT B-6

Balance December 31, 2014	\$ 199,027
Increased by:	
Interest Earned	<u>498</u>
Balance December 31, 2015	<u><u>\$ 199,525</u></u>

**GENERAL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT B-7

Balance December 31, 2014	\$ 1,326,849
Increased by:	
Various Reserves	<u>560,733</u>
Subtotal	1,887,582
Decreased by:	
Various Reserves	<u>292,434</u>
Balance December 31, 2015	<u><u>\$ 1,595,148</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, 2014	INCREASED	DECREASED	BALANCE DECEMBER 31, 2015
Unemployment Compensation Insurance	\$ 131,443	\$ 321	\$ 35,431	\$ 96,333
Escrow Performance	2,496,993	1,481,177	867,909	3,110,261
Sanitary Landfill Escrow	515,831	6,566	10,973	511,424
Outside Off-Duty Police Employment	177,251	1,563,804	1,606,881	134,174
Redemption of Tax Sale Certificates	496,352	5,663,363	5,644,127	515,588
Premium at Tax Sale	2,110,742	2,244,284	1,252,878	3,102,148
Law Enforcement	307,341	28,134	4,327	331,148
Law Enforcement Confiscation	39,174	-	-	39,174
Planning & Zoning Fees	816,699	1,072,075	1,006,981	881,793
Inspection Fees	950,955	623,183	469,722	1,104,416
Street Opening Permits	209,967	109,730	77,716	241,981
Parking Offenses Adjudication Act	3,950	322	-	4,272
Public Defender	22,860	25,227	5,481	42,606
Accumulated Absences	325,146	500,000	250,757	574,389
Snow Removal	2,442	-	-	2,442
Recreation	25,478	17,889	35,356	8,011
Pine Park Deposits	162,935	17,295	840	179,390
Garbage Pail Deposits	567,423	-	-	567,423
Total	<u>\$ 9,362,982</u>	<u>\$ 13,353,370</u>	<u>\$ 11,269,379</u>	<u>\$ 11,446,973</u>

Interfund - Current Fund	\$ 560,733
Cash Receipts	<u>12,792,637</u>
Total	<u>\$ 13,353,370</u>

Interfund - Current Fund	\$ 292,434
Cash Disbursed	<u>10,976,945</u>
Total	<u>\$ 11,269,379</u>

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GENERAL CAPITAL FUND

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EXHIBIT C-1

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$ 133,004
Increased by:		
Close out Cost of Issuance Account	\$ 14,914	
Funded Improvement Authorizations Canceled	56,619	
Premium on Bond Anticipation Notes	65,703	137,236
Subtotal		270,240
Decreased by:		
Appropriated to Finance 2015 Budget Revenues		130,000
Balance December 31, 2015		<u>\$ 140,240</u>

EXHIBIT C-2

**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014		\$ 1,138,630
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$ 350,000	
Bond Anticipation Notes	11,480,000	
Premium on Bond Anticipation Notes	65,700	
Due to Current Fund	2,464	11,898,164
Subtotal		13,036,794
Decreased by Disbursements:		
Reserve for 2014 Refunding Bonds COI	19,950	
Improvement Authorizations	4,001,024	
Payment of Bond Anticipation Notes	4,400,000	
Anticipated as General Fund Revenue	147,069	
Transferred to Current Fund	3,778	8,571,821
Balance December 31, 2015		<u>\$ 4,464,973</u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH, CASH
EQUIVALENTS & INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Fund Balance		\$	140,240
Capital Improvement Fund			160,610
Reserve for Capital Improvements			9,716
Reserve for Renewal & Replacements			101,356
Reserve for 2014 Refunding Bond Funding COI			7,037
Improvement Authorizations:			
Ordinance			
Number			
96-28/04-80	Various Capital Improvements		(55,303)
98-63	Acquisition of Land-Block 965 Lot 4 & Block 967 Lot 1		(464)
99-38/07-35	Various Capital Improvements		(85,984)
00-52/03-39	Various Capital Improvements		(367)
01-33/05-103	Various Capital Improvements		126,015
01-39	Acquisition, Demolition & Development of Public Parking Lots		(94)
02-31	Various Capital Improvements		(13,239)
03-48	Various Capital Improvements		16,541
04-56	Various Capital Improvements		51,418
05-32	Construction of New Public Works Facility		(4,400)
05-88	Various Capital Improvements		(24,051)
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		(65,917)
10-16	Tax Appeal Refunding		5,742
10-67	Reappropriations		13,043
11-51	Police Deptment Improvements		464
12-60	Various Improvements		(96,253)
13-73	Various Improvements		(469,806)
14-17	911 Call Handling System Upgrades		169,143
14-63	Road Improvements - Oak Street Basic Road		(12,729)
14-70	Various Improvements		(325,812)
15-22	Improvements to Various roads & Sidewalks		4,557,242
15-63	Various Equipment LPD/EMS/DPW		47,175
Total		\$	4,464,973

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 40,605,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>4,130,000</u>
Balance December 31, 2015	<u><u>\$ 36,475,000</u></u>

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2014	2015 AUTHORIZATIONS	BOND ANTICIPATION NOTES PAID	AUTHORIZATIONS (CANCELLED/ REAPPROPRIATED	ADJUSTMENTS	BALANCE DECEMBER 31, 2015	ANALYSIS OF BALANCE DECEMBER 31, 2015			
								FINANCED BY	BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
96-28/04-80	Various Capital Improvements	\$ 55,303	\$ -	\$ -	\$ -	\$ -	\$ 55,303	\$ -	\$ -	\$ 55,303	\$ -
97-29	Various Capital Improvements	42,301	-	-	-	(42,301)	-	-	-	-	-
98-63	Acquisition of Land-Block 965 Lot 4 & Block 967 Lot 1	464	-	-	-	-	464	-	-	464	-
99-19/05-112	Acquisition of Various Parcels of Real Property	269,213	-	-	(299,613)	30,400	-	-	-	-	-
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	139,501	-	-	-	19,000	158,501	-	110,000	19,000	29,501
01-33/05-103	Various Capital Improvements & Other Related Expenses	191,180	-	-	-	-	191,180	-	127,000	45,592	18,588
01-39	Acquisition, Demolition, & Development of Public Parking Lots & Related Matters	222,000	-	-	(221,906)	-	94	-	-	94	-
02-31	Various Capital Improvements	414,625	-	-	-	-	414,625	-	90,000	24,456	300,169
03-48	Various Capital Improvements	493,469	-	-	-	(5,600)	487,869	-	487,000	(8)	877
03-71	Construction of Kettle Creek Recreational Complex	20,300	-	-	(22,500)	2,200	-	-	-	-	-
04-56/10-67	Various Capital Improvements	19,380	-	-	-	(6,100)	13,280	-	-	3,900	9,380
05-32	Construction of a New Public Works Facility & Related Expenses	8,100	-	-	(2,600)	(1,100)	4,400	-	-	4,400	-
05-88	Various Capital Improvements	407,978	-	-	-	(22,099)	385,879	-	-	385,879	-
06-58/07-49	Various Capital Improvements	1,148,186	-	-	-	(77,200)	1,070,986	-	-	1,070,986	-
08-40	Various Capital Improvements	\$32,626	-	-	-	(109,000)	423,626	-	225,000	198,626	-
07-39	Various Capital Improvements	1,582,031	-	-	-	(48,200)	1,533,831	-	1,517,000	16,831	-
08-42	Various Capital Improvements	240,728	-	-	-	260,000	500,728	-	100,000	400,728	-
09-65	Upgrade of Police Equipment	-	-	-	-	-	-	-	-	-	-
10-16	Tax Appeal Refunding	540,000	-	540,000	-	-	-	-	-	-	-
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	183,557	1,133,578
13-73	Various Improvements	1,820,397	-	-	-	-	1,820,397	-	898,400	490,262	431,735
14-17	911 Call Handling System Upgrade	172,900	-	-	-	-	172,900	-	172,500	400	-
14-63	Road Improvements - Oak Street Basic Road	-	-	-	-	-	-	-	-	-	-
14-70	- Oak Street Basic Road	237,500	-	-	-	-	237,500	-	220,000	12,729	4,771
15-21	Various Improvements	2,114,734	-	-	-	-	2,114,734	-	1,379,000	442,775	292,959
15-22	Refunding Bond Ordinance	-	5,500,000	-	-	-	5,500,000	-	-	-	5,500,000
15-22	Improvements to Various roads & Sidewalks	-	6,175,000	-	-	-	6,175,000	-	4,600,000	367,758	1,207,242
15-63	Various Equipment LPD/EMS/DPW	-	896,325	-	-	-	896,325	-	-	-	896,325
Total		\$ 14,131,082	\$ 12,571,325	\$ 540,000	\$ (546,619)	\$ -	\$ 25,615,788	\$ 11,480,000	\$ 3,857,219	\$ -	\$ 10,278,569

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	BALANCE DECEMBER 31, 2015 & 2014
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, 2015**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2015 AUTHORIZATIONS				AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2015			
		BALANCE DECEMBER 31, 2014		CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION		ENCUMBERED	FUNDED	UNFUNDED	
		ENCUMBERED	FUNDED		UNFUNDED					UNFUNDED
99-19/05-112	Acquisition of Various Parcels of Property	-	22,858	299,613	-	-	322,471	-	-	-
99-38/07-35	Reconstruction of Various Streets Repairing 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 29,592 326,989	-	-	-	-	-	3,686 29,592 326,989
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	47,626	-	90,782 1,745	-	-	-	39,026	-	90,782 1,745
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 Device for Oxygen Fill Station Repair of Community Center Roof & Other Affected Components	-	167,187	-	-	-	-	-	-	167,187
01-39	Acquisition, Demolition & Development of Public Parking Lots	-	-	38,682	-	35,266	-	71,687	-	2,261
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	-	-	7,359	-	-	-	-	-	7,359
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	-	4,420	749	-	-	-	-	-	4,420
		-	-	8,219	-	-	-	-	-	8,219
		-	-	221,906	-	-	221,906	-	-	-
		-	-	1,622	-	-	-	-	-	1,622
		-	11,217	250,000	-	-	-	11,217	-	250,000
		-	-	3,378	-	-	-	-	-	3,378
		-	-	41,570	-	-	-	-	-	41,570
		-	-	3,599	-	-	-	-	-	3,599
		-	7,945	869	-	-	-	-	-	8,814
		-	1,116	-	-	-	-	-	-	1,116
		-	7,472	-	-	-	-	-	-	7,472
		-	8	-	-	-	-	-	-	8

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2015 AUTHORIZATIONS				AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2015			
		DEFERRED		CAPITAL IMPROVEMENT FUND	FUTURE TAXATION UNFUNDED		ENCUMBERED	FUNDED	UNFUNDED	
		ENCUMBERED	FUNDED		ENCUMBERED					FUNDED
03-71	Construction of Kettle Creek Recreational Complex	-	30,397	23,000	-	-	53,397	-	-	-
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 36,043 77 3,628	- 13,280 - -	- - - -	- 1,094 - -	- - - -	- 12,764 34,949 77 3,628	- - - -	- 13,280 - -
05-32	Construction of New Public Works Facility	-	2,864	2,600	-	-	5,464	-	-	-
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 Acquisition & Improvements to Township Municipal Building & Office of Emergency Management Acquisition of Various Equipment for Police Department	- 3,450 5,632 2,088	- 12,779 - -	94,071 21,584 23,562 246,662 899,197	- - - - -	- 11,163 34,749 -	- 8,959 23,500 5,412 2,088	- - -	- -	94,071 14,241 23,562 191,863 220 899,197
06-58/07-49	Various Road Improvements Acquisition of a Command Transport Vehicle & Vehicular Computerized Data Systems/Printer for Emergency Medical Technicians & an Ambulance Acquisitions of Equipment & Improvements to Municipal Building Replacement of the Computerized Dispatch/Records Management System for Police Department	- - - - -	- - - 171,691	25,597 122,304 23,888 131,905 1,340	- - - - -	5,000 17,203 -	- 850 -	- -	- -	20,597 104,251 195,579 131,905 1,340
07-39	Various Road Improvements Acquisition of Equipment for Emergency Medical Technicians Acquisitions of Equipment for Office of Emergency Management Replacement Equipment for Public Works Department Acquisition of Computer Equipment	17,259 - 4,097 37,595	- - - -	16,698 114,619 7,063	- - -	3,232 114,619 37,878	- -	865 -	- -	16,698 - 6,780
08-42	Various Road Improvements Replacement Equipment for Public Works Department & Fencing for Township Tennis Courts & Pine Park Acquisition of Computer Hardware/Software Upgrades for the Township General Office	- - - 6,604	288,750 86,566 5,500	- - 16,831	- - -	191,279 86,566 23,260	- -	- -	- -	97,471 - - 865 -
										4,810

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2015 AUTHORIZATIONS									
		BALANCE DECEMBER 31, 2014		CAPITAL IMPROVEMENT FUND		DEFERRED CHARGES TO FUTURE TAXATION		EXPENDED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2015	
		ENCUMBERED	FUNDED	UNFUNDED	UNFUNDED	UNFUNDED	UNFUNDED			ENCUMBERED	UNFUNDED
09-65	Remounting of Ambulance Chassis Replacement of Public Works Equipment Upgrade of Police Equipment	-	-	3,434	-	-	-	60	-	-	3,374
		-	22,131	442,605	-	-	-	133,299	-	176,949	154,488
10-67	Reappropriations of B/O Mon. Avenue 121 & 2nd Street	-	5,515	7,528	-	-	-	-	-	-	13,043
10-16	Tax Appeal Refunding	-	-	5,742	-	-	-	-	-	-	5,742
11-51	Police Department Improvements	14,043	676	-	-	-	-	13,605	-	388	726
12-60	Various Improvements	464,066	-	1,213,517	-	-	-	456,701	-	87,304	1,133,578
13-73	Various Improvements	129,300	-	870,964	-	-	-	548,073	-	20,456	431,735
14-17	911 Call Handling System Upgrades	166,479	-	15,521	-	-	-	12,457	-	169,543	-
14-63	Road Improvements - Oak Street Basic Road	19,183	-	31,753	-	-	-	46,165	-	-	4,771
14-70	Various Improvements	1,011,581	-	1,214,455	-	-	-	1,816,114	-	116,963	292,959
15-21	Refunding Bond Ordinance	-	-	-	-	5,500,000	-	-	-	-	5,500,000
15-22	Improvements to Various roads & Sidewalks	-	-	-	325,000	6,175,000	-	367,758	-	2,002,765	4,129,477
15-63	Various Equipment LPD/EMS/DPW	-	-	-	47,175	896,325	-	-	-	42,934	896,325
Total		\$ 1,967,685	\$ 915,832	\$ 6,959,047	\$ 372,175	\$ 12,571,325	\$ 4,001,024	\$ 603,238	\$ 2,676,106	\$ 114,911	\$ 15,390,785

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DATE	INTEREST RATE	BALANCE DECEMBER 31, 2014	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2015
2009 Refunding Bond Issue	1/15/09	\$ 3,500,000	01/15/16 01/15/17	5.00% 5.00%	\$ 1,445,000	\$ 485,000	\$ 960,000
General Improvements	11/01/07	9,800,000	11/01/16 11/01/17 11/01/18 11/01/19 11/01/20 11/01/21 11/01/22 11/01/23 11/01/24 11/01/25 11/01/26 11/01/27	4.00% 4.10% 4.13% 4.13% 4.13% 4.13% 4.13% 4.13% 4.20% 4.25% 4.25% 4.25%	6,300,000	500,000	5,800,000
General Improvements	11/06/08	21,800,000	11/01/16 11/01/17 11/01/18	5.00% 5.00% 5.00%	3,880,000	970,000	2,910,000
General Improvement Refunding Bond	7/31/12	7,705,000	1/15/16 1/15/17 1/15/18 1/15/19 1/15/20	4.00% 4.00% 4.00% 4.00% 4.00%	6,100,000	1,525,000	4,575,000
Pension Obligation Refunding Bonds	7/31/12	955,000	4/1/16 4/1/17 4/1/18 4/1/19 4/1/20 4/1/21	2.00% 2.25% 2.70% 2.90% 3.25% 3.50%	840,000	100,000	740,000
General Improvement Bonds	3/1/2014	7,980,000	3/1/2016 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% 2.00% 2.25% 2.50% 3.00% 3.00% 3.00% 3.00%	7,980,000	375,000	7,605,000

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2015

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DATE	INTEREST RATE	BALANCE, DECEMBER 31, 2014	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2015
Refunding Bonds	11/1/14	14,060,000	11/1/2016	2.00%	14,060,000	175,000	13,885,000
			11/1/2017	2.00%	130,000		
			11/1/2018	2.00%	135,000		
			11/1/2019	4.00%	135,000		
			11/1/2020	4.00%	1,110,000		
			11/1/2021	4.00%	1,110,000		
			11/1/2022	2.00%	1,105,000		
			11/1/2023	5.00%	1,075,000		
			11/1/2024	2.25%	1,075,000		
			11/1/2025	2.50%	1,050,000		
			11/1/2026	5.00%	1,020,000		
			11/1/2027	5.00%	1,015,000		
			11/1/2028	3.25%	1,010,000		
			11/1/2029	3.25%	990,000		
			11/1/1930	3.38%	965,000		
			11/1/2031	3.38%	940,000		
Total					\$ 40,605,000	\$ 4,130,000	\$ 36,475,000

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2014	INCREASED	DECREASED	BALANCE DECEMBER 31, 2015
10-16	Tax Appeal Refunding	4/10/2014	2,700,000	4/10/14	4/9/15	1.05%	\$ 540,000		\$ 540,000	\$ -
Various	Various Capital Improvements	4/9/2015	6,780,000	4/9/15	4/8/16	1.50%	-	6,780,000	-	6,780,000
Various	Various Capital Improvements	4/10/2014	7,360,000	4/25/15	4/8/16	0.68%	4,400,000	4,700,000	4,400,000	4,700,000
Total							<u>\$ 4,940,000</u>	<u>\$ 11,480,000</u>	<u>\$ 4,940,000</u>	<u>\$ 11,480,000</u>
							Renewed		\$ 4,400,000	
							Budget Appropriation		<u>540,000</u>	
									<u>\$ 4,940,000</u>	

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 182,785
Increased by:	
Budget Appropriation	<u>350,000</u>
Subtotal	532,785
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>372,175</u>
Balance December 31, 2015	<u><u>\$ 160,610</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR IMPROVEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT C-11

Balance December 31, 2015 & 2014	\$ <u>9,716</u>
----------------------------------	-----------------

**SCHEDULE OF RESERVE FOR RENEWAL AND REPLACEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT C-12

Balance December 31, 2015 & 2014	\$ <u>101,356</u>
----------------------------------	-------------------

**SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

EXHIBIT C-13

Balance December 31, 2014	\$ 1,317
Increased by:	
Interest	<u>2,461</u>
Subtotal	3,778
Decreased by:	
Interest to Current	<u>3,778</u>
Balance December 31, 2015	<u>\$ -</u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR 2012 REFUNDING BONDS COST OF ISSUANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 14,914
Decreased by:	
Transferred to Capital Surplus	<u>14,914</u>
Balance December 31, 2015	<u><u>\$ -</u></u>

**SCHEDULE OF RESERVE FOR 2014 REFUNDING BONDS COST OF ISSUANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2014	\$ 26,987
Decreased by:	
Cash Disbursement	<u>19,950</u>
Balance December 31, 2015	<u><u>\$ 7,037</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2015**

ORDINANCE NUMBER/DATE	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2014	2015 AUTHORIZATIONS	BOND NOTES ISSUED	ADJUSTMENTS	ORDINANCES CANCELLED	BALANCE DECEMBER 31, 2015
96-28/04-80	Various Capital Improvements	\$ 55,303	\$ -	\$ -	-	\$ -	\$ 55,303
97-29	Various Capital Improvements	-	-	-	-	-	-
98-63	Acquisition of Land	464	-	-	-	-	464
99-19	Various Real Parcels of Land	299,613	-	-	-	299,613	-
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	64,179	-	-	1	-	64,180
01-39	Acquisition, Demolition, & Development of Public Parking Lots & Related Matters	222,000	-	-	-	221,906	94
02-31	Various Capital Improvements	324,625	-	-	-	-	324,625
03-48	Various Capital Improvements	869	-	-	-	-	869
03-71	Construction of Kettle Creek Recreational Complex	22,500	-	-	-	22,500	-
04-56	Various Capital Improvements	13,280	-	-	-	-	13,280
05-32	Various Capital Improvements	7,000	-	-	-	2,600	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	328,626	-	130,000	-	-	198,626
08-42	Various Capital Improvements	16,831	-	-	-	-	16,831
09-65	Various Capital Improvements	500,728	-	100,000	-	-	400,728
11-51	Police Department Improvements	6,750	-	6,100	-	-	650
12-60	Various Capital Improvements	1,467,135	-	150,000	-	-	1,317,135
13-73	Various Capital Improvements	1,244,397	-	322,400	-	-	921,997
14-17	Upgrades to 911 Handling System	172,900	-	172,500	-	-	400
14-63	Construction of Basin and Road Improvements-Oak Street	237,500	-	220,000	-	-	17,500
14-70	Various Capital Improvements	2,114,734	-	1,379,000	-	-	735,734
15-21	Refunding Bond Ordinance	-	5,500,000	-	-	-	5,500,000
15-22	Improvements to Various Roads & Sidewa	-	6,175,000	4,600,000	-	-	1,575,000
15-63	Various Equipment LPD/EMS/DPW	-	896,325	-	-	-	896,325
Total		\$ 9,191,081	\$ 12,571,325	\$ 7,080,000	\$ -	\$ 546,619	\$ 14,135,788

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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, 2015**

	BALANCE DECEMBER 31, 2014	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2015
General Fixed Assets:				
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Buildings	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	15,805,012	789,036	-	16,594,048
Total	\$ 48,019,817	\$ 789,036	\$ -	\$ 48,808,853

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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 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, 2015. 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, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance or New Jersey OMB Circular 15-08.

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.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and New Jersey OMB Circular 15-08

We have audited the financial statements of the Township of Lakewood as of and for the year ended December 31, 2015, and have issued our report thereon dated June 21, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB Circular 15-08 and is not a required part of the 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. The 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 schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



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

Medford, New Jersey
June 21, 2016

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TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE I

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S #/ FEDERAL GRANT #	CASH RECEIVED	PROGRAM EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
Department of Law & Public Safety:					
Edward Byrne Memorial Justice Assistance Grant	16.751	N/A	\$ 109,363	\$ (54,354)	\$ -
Total Department of Law & Public Safety			109,363	(54,354)	-
Department of Energy:					
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	-	(18,926)	-
Total Department of Energy			-	(18,926)	-
Department of Transportation:					
Airport Improvement Program	20.106	N/A	117,286	(98,617)	-
Total Department of Transportation			117,286	(98,617)	-
Department of Homeland Security					
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	066-1200-100-A92	83,449	(83,449)	-
Total Department of Homeland Security			83,449	(83,449) *	-
Department of Housing & Urban Development					
Direct Programs:					
Community Development Block Grant	14.218	N/A	1,408,786	(878,559)	(179,593)
Total Department of Housing & Urban Development			1,408,786	(878,559)	(179,593)
Total Federal Financial Assistance			\$ 1,718,884	\$ (1,133,905)	\$ (179,593)

* See Note 3

TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

STATE PROGRAM	STATE ACCOUNT NUMBER OR GRANT NUMBER	GRANT PERIOD	CASH RECEIVED	CURRENT EXPENDITURES
Department of Transportation:				
New Jersey Transportation Trust Fund Act:				
Municipal Aide Program	480-078-6320-xxx-xxxx	Open	\$ 166,406	\$ (180,885)
Highway Safety Fund	100-078-6100-051-6010	Open	-	(127,846)
Total Department of Transportation			<u>166,406</u>	<u>(308,731)</u>
Department of Environmental Protection:				
Clean Communities Act	4900-765-178900-60	Various	118,408	(82,083)
Recycling Tonnage Grant	4900-752-178840-60	Various	-	(68,221)
Total Department of Environmental Protection			<u>118,408</u>	<u>(150,304)</u>
Department of Law & Public Safety:				
Drunk Driving Enforcement Fund	6400-100-078-6400	Open	-	(52,818)
Driving While Intoxicated	2012	Various	-	(2,471)
Body Armor Grant	1020-718-066-1020-001	Various	11,108	(20,358)
Safe & Secure Communities	100-066-1020-107-232	Various	60,000	(56,699)
Ocean County JIF Police Accreditation	2014	Various	-	(10,250)
Total Department of Law & Public Safety			<u>71,108</u>	<u>(142,596)</u>
Department of Office of Emergency Management:				
Emergency Assistance Grant	2012 & 2013	Various	10,000	(15,000)
Total Department of Judiciary:			<u>10,000</u>	<u>(15,000)</u>
Department of Judiciary:				
Alcohol Education & Rehabilitation	2014 & 2015	Various	-	(4,903)
Total Department of Judiciary:			<u>-</u>	<u>(4,903)</u>
Department of Commerce & Economic Development:				
Small Business Development	2012	Various	23,306	(23,306)
Urban Enterprise Zone Assistance Fund:				
Administrative Budget	763-020-2830-034	Various	99,022	(97,965)
Business Attraction Initiative	763-020-2830-034	Various	97,123	(97,123)
Business to Business Networking Initiative	763-020-2830-034	Various	70,500	(70,500)
Co-op Advertising Program-Pilot Project	763-020-2830-034	Various	41,333	(41,333)
Downtown Parking	763-020-2830-034	Various	209,109	(209,109)
Financial Assistance Program	763-020-2830-034	Various	474,730	(439,730)
First Aid & Emergency Squad Vehicle Grant	763-020-2830-034	Various	20,000	(20,000)
Franklin St. Redevelopment Area				
Acquisition	763-020-2830-034	Various	143	(30,207)
Marketing and Public Relations	763-020-2830-034	Various	23,449	(23,449)
Strand Theatre	763-020-2830-034	Various	32,874	(32,874)
Lakewood Transit Connect Grant	763-020-2830-034	Various	7,574	(7,574)
Total Urban Enterprise Zone Assistance Fund:			<u>1,075,857</u>	<u>(1,069,864)</u>
Total Department of Commerce & Economic Development			<u>1,099,163</u>	<u>(1,093,170)</u>
Total State Financial Assistance			<u>\$ 1,465,085</u>	<u>\$ (1,714,704)</u>

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

TOWNSHIP OF LAKEWOOD
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. General

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

Note 2. Basis of Accounting

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

Note 3. Relationship to Financial Statements – Statutory Basis

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

	State	Federal	Total
Current Fund:			
Cash Receipts*	\$ -	\$ 83,449	\$ 83,449
State & Federal Grant Fund:			
Expenditures	<u>1,714,704</u>	<u>1,050,456</u>	<u>2,765,160</u>
Total	<u>\$ 1,714,704</u>	<u>\$ 1,133,905</u>	<u>\$ 2,848,609</u>

*Expenditures on the SEFA for the Presidentially Declared Disaster Grants – Public Assistance are actual cash receipts received during 2015 for expenditures of the Township in the 2014 year. In accordance with the Federal Emergency Management Agency, expenditures from Superstorm Sandy are recorded only when FEMA funds have been released to the municipality.

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

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

Note 5. Major Programs

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

**TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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? Yes

Noncompliance material to basic financial Statements noted? No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? No

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

Type of auditor’s report issued on compliance for major programs 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, 2015

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 04-04	No

Identification of major programs:

GMIS Number(s)/ CFDA Number(s)	Name of State Program
15-763-020-2830-034	Urban Enterprise Zone

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

Section II – Financial Statement Findings

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

Finding 2015-001:

Criteria or Specific Requirement:

The Township is required to publicly advertise for bids before individual payments are made or contracts are entered into that are in excess of the statutory limits set by *N.J.S.A. 40A:11-4*.

Condition:

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*.

Context:

Appropriate internal controls should be in place and followed in order to ensure that public advertisements for bids are made so that the Township is in compliance with *N.J.S.A. 40A:11-4*.

Effect:

The Township does not comply with *N.J.S.A. 40A:11-4*.

Cause:

Lack of oversight for payments made in excess of statutory limits under *N.J.S.A. 40A:11-4*.

Recommendation:

That the Township comply with *N.J.S.A. 40A:11-4* and publicly advertise for bids for purchases of goods or services over the public bid threshold of \$40,000.00

Views of Responsible Officials and Planned Corrective Actions:

The Township management agrees with this finding and will take the appropriate steps to correct this significant deficiency in internal control.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

Section II – Financial Statement Findings (continued):

Finding 2015-002:

Criteria or Specific Requirement:

The Township is required to retain supporting documentation for the public advertisements for bids for the sale of municipal property under the provisions of *N.J.S.A. 40A:11-4*.

Condition:

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*.

Context:

Appropriate internal controls should be in place and followed in order to ensure that public advertisements for bids for the sale of municipal property are made so that the Township is in compliance with *N.J.S.A. 40A:12-13*.

Effect:

It appears that the Township is not in compliance with *N.J.S.A. 40A:12-13*.

Cause:

Lack of oversight over the process for the sale of municipal property under *N.J.S.A. 40A:12-13*.

Recommendation:

That the Township comply with *N.J.S.A. 40A:12-13* and retain supporting documentation for public advertisement for bids for the sale of real property held by the Township.

Views of Responsible Officials and Planned Corrective Actions:

The Township management agrees with this finding and will take the appropriate steps to correct this significant deficiency in internal control.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

Section II – Financial Statement Findings (continued):

Finding 2015-003:

Criteria or Specific Requirement:

Payroll activity of the Township should be accounted for accurately in the general ledger accounting system, along with a monthly analysis of the payroll reserve balance.

Condition:

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.

Context:

Payroll activity and an analysis of payroll reserve balance is accounted for in the general ledger accounting system in order to ensure that agency payments are made timely and accurately.

Effect:

The Township risks making late or incorrect payments if the activity is not accounted for in the general ledger accounting system and the analysis is not performed accurately.

Cause:

The Township's use of software not suitable to perform this accounting function accurately and timely.

Recommendation:

That the payroll activity of the Township be properly recorded in the general ledger accounting system and that the payroll deduction reserve balance be properly analyzed on a timely basis.

Views of Responsible Officials and Planned Corrective Actions:

The Township management agrees with this finding and will take the appropriate steps to correct this finding.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

Section II – Financial Statement Findings (continued):

Finding 2015-004:

Criteria or Specific Requirement:

The Outside Tax Premiums Account bank reconciliation was not performed in a timely manner.

Condition:

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

Context:

Appropriate internal controls should be in place and followed in order to ensure that cash accounts are reconciled timely in order to prevent and/or identify potential financial statement misstatements.

Effect:

The Township risks making materially misstating their financial records.

Cause:

Lack of internal controls around the reconciling of cash accounts.

Recommendation:

In accordance with maintaining an internal control environment that is effective in prevention and/or identification of potential financial statement misstatement, the Township should complete timely bank reconciliations.

Views of Responsible Officials and Planned Corrective Actions:

The Township management agrees with this finding and will take the appropriate steps to correct this significant deficiency in internal control.

**TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

Section II – Financial Statement Findings (continued):

Finding 2015-005:

Criteria or Specific Requirement:

The tax overpayments ledger within the tax module of the accounting system is overstated and does not agree to the Township's general ledger. Certain overpayments transferred to the current year are not being removed from prior years' balances within the system.

Condition:

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.

Context:

Appropriate internal controls should be in place and followed to ensure the appropriate tax adjustments are being posted in order to prevent and/or identify potential financial statement misstatements.

Effect:

The tax overpayments within the tax module of the accounting system do not agree to the Township's financial statements.

Cause:

Lack of oversight and inaccurate adjustments to the tax module made by the Tax Collector.

Recommendation:

That the Tax Collector perform an analysis of the tax overpayment balance within the tax module of the accounting system and remove balances in prior years that are overstated in order to agree to the general ledger.

Views of Responsible Officials and Planned Corrective Actions:

The Township management agrees with this finding and will take the appropriate steps to correct this significant deficiency in internal control.

**TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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, 2015**

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 2014-01:

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

Status: Management has taken corrective action on this finding.

**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

**PART II
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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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, 2015. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

Scope of Audit

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

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

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

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

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

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 for the period of January 1, 2015 to June 30, 2015, and \$40,000 for the period of July 1, 2015 to December 31, 2015, except by contract or agreement.

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

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

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

A test was conducted to determine that expenditures greater than \$5,400 for the period of January 1, 2015 to June 30, 2015, and expenditures greater than \$6,000 for the period of July 1, 2015 to December 31, 2015, 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.

Finding 2015-001:

The compliance review of expenditures did reveal 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," where bids had not been previously sought by public advertisement under the provisions of *N.J.S.A.40A:11-4*.

Recommendation:

That the Township comply with *N.J.S.A.40A:11-4* and publicly advertise for bids for purchases of goods or services over the public bid threshold of \$40,000.00

Management's Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$5,400 (\$6,000) thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of *N.J.S.A.40A:11-6.1*.

Finding 2015-002:

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*.

Recommendation:

That the Township comply with *N.J.S.A.40A:12-13* and retain supporting documentation for public advertisement for bids for the sale of real property held by the Township.

Management's Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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 4, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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, 2015 include real estate taxes for 2015, 2014, 2013, 2012, 2011, and 2009.

The last tax sale was held on October 23, 2015.

Inspection of 2015 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
2015	186
2014	188
2013	118

Delinquent Taxes and Tax Title Liens (continued):

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

Examination of Bills

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

Payroll Fund

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

Finding 2015-003:

The payroll activity of the Township is not being accounted for accurately in the general ledger accounting system. The Township does not maintain a monthly analysis of the payroll reserve balance in the general ledger accounting system.

Recommendation:

That the payroll activity of the Township be properly recorded in the general ledger accounting system and that the payroll deduction reserve balance be properly analyzed on a timely basis.

Management's Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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 97.55%.

Finding 2015-004:

During our examination of the Tax Collector's bank account reconciliations, it was noted that the Outside Tax Premiums Account bank reconciliation was not performed in a timely manner.

Recommendation:

In accordance with maintaining an internal control environment that is effective in prevention and/or identification of potential financial statement misstatement, the Township should complete timely bank reconciliations.

Management's Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2015-005:

An accurate detail of tax overpayments of the Township is not being maintained properly within the tax module of the accounting system. The balance in the tax module of the accounting system is overstated due to the collector not removing balances in prior years when transferring overpayments to current years.

Recommendation:

That the Tax Collector perform an analysis of the tax overpayment balance within the tax module of the accounting system and remove balances in prior years that are overstated in order to agree to the general ledger.

Management's Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Follow-up of Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015.

NAME	POSITION	AMOUNT OF BOND
Albert D. Akerman	Mayor	
Menashe Miller	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	
Janet Wolchko	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.

A handwritten signature in dark ink, appearing to read "Kevin Frenia", is positioned above the printed name and title.

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

Medford, New Jersey
June 21, 2016

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