

TOWNSHIP OF LAKEWOOD

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2017**

**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, 2017**

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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

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Lakewood as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2017 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2018 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
June 22, 2018

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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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Lakewood, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 22, 2018. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
June 22, 2018

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS	REFERENCE	2017	2016
Regular Fund:			
Cash & Cash Equivalents	A-4	\$ 52,602,473	\$ 50,773,217
Cash - Change Fund	A	1,415	1,415
Due from State of New Jersey	A-10	112,377	110,998
Total Regular Fund		52,716,265	50,885,630
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	5,466,225	4,652,656
Tax Title Liens Receivable	A-7	595,619	1,167,793
Abatement Receivable	A-8	26,015	26,015
Property Acquired for Taxes	A-9	50,008,900	50,008,900
Revenue Accounts Receivable	A-11	391,955	319,934
Due from Capital Fund	A-25	142,555	-
Total Receivable & Other Assets With Full Reserves		56,631,269	56,175,298
Deferred Charges:			
Emergency Appropriation:			
Local School District	A-13	1,100,000	-
Special Emergency Authorizations	A-12	825,000	1,100,000
Total Deferred Charges		1,925,000	1,100,000
Total		111,272,534	108,160,928
Federal & State Grants:			
Due from Current Fund	A-27	625,585	462,906
Federal & State Grants Receivable	A-28	13,597,892	14,281,880
Total Federal & State Grants		14,223,477	14,744,786
Total Assets		\$ 125,496,011	\$ 122,905,714

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2017	2016
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 7,563,450	\$ 4,933,053
Reserve for Encumbrances	A-3	1,863,507	2,463,876
Accounts Payable	A-15	266,484	106,880
Prepaid Taxes	A-16	6,926,493	1,482,019
Tax Overpayments	A-17	3,091,568	2,702,122
County Taxes Payable	A-18	702,172	829,311
Due to State of New Jersey	A-22	64,525	50,050
Interfunds Payable	A-25	2,230,377	1,708,980
Deposits on Sale of Property	A-23	365,100	338,000
Due to Lakewood Housing	A-24	42	1,382,382
Special Emergency Notes Payable	A-26	825,000	1,100,000
Prepaid Tax Abatements	A	2,266	-
Various Reserves	A-21	3,456,602	5,428,683
Total Liabilities		27,357,586	22,525,356
Reserves for Receivables & Other Assets	A	56,631,269	56,175,298
Fund Balance	A-1	27,283,679	29,460,274
Total Regular Fund		111,272,534	108,160,928
State & Federal Grants:			
Reserve for State & Federal Grants:			
Encumbered	A-29	650,100	270,371
Reserved	A-29	13,462,231	14,474,415
Unappropriated Reserves	A-30	111,146	-
Total State & Federal Grants		14,223,477	14,744,786
Total Liabilities, Reserves & Fund Balance		\$ 125,496,011	\$ 122,905,714

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

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 14,984,240	\$ 9,696,675
Miscellaneous Revenue Anticipated	15,722,634	16,091,978
Receipts from Delinquent Taxes	4,679,893	3,867,511
Receipts from Current Taxes	196,086,276	188,476,118
Nonbudget Revenues	3,447,547	8,183,140
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	3,881,061	3,813,877
Cancellation of Grant Appropriated Reserve	1,084,409	128,637
Cancellation of Accounts Payable	35,019	117,034
Interfunds Returned	7,633	6,515
Total	<u>239,928,712</u>	<u>230,381,485</u>
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	31,046,009	29,688,340
Other Expenses	30,799,880	27,503,064
Deferred Charges & Statutory Expenditures	6,322,586	6,086,047
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	2,705,367	3,866,553
Capital Improvements	4,789,000	3,121,800
Municipal Debt Service	6,083,874	6,038,879
Deferred Charges	1,515,403	330,862
Transfer to Board of Education for Use of Local Schools	2,000,000	1,000,000
Local School District Taxes	97,114,646	93,496,265
County Taxes Payable	40,092,608	36,297,557
Fire District Taxes Payable	4,685,240	4,465,410
Cancellation of Grant Receivable Without Appropriation	900,006	124,409
Prior Year Senior Citizens' and Vets' Disallowed	23,893	34,001
Interfund Created	142,555	-
Refund of Prior Year Revenue	-	746,773
Total	<u>228,221,067</u>	<u>212,799,960</u>
Excess in Revenue	11,707,645	17,581,525
Expenditures Included Above which are by Statute		
Deferred Charges to Budgets of Succeeding Years	<u>1,100,000</u>	<u>-</u>
Statutory Excess to Fund Balance	12,807,645	17,581,525
Fund Balance January 1,	A <u>29,460,274</u>	<u>21,575,424</u>
Total	42,267,919	39,156,949
Less: Amount of Fund Balance Utilized as Revenue	A-2 <u>14,984,240</u>	<u>9,696,675</u>
Fund Balance December 31,	A <u>\$ 27,283,679</u>	<u>\$ 29,460,274</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, 2017

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87		
Fund Balance Anticipated	\$ 14,984,240	\$ -	\$ 14,984,240	\$ -
Miscellaneous Revenues Anticipated:				
Licenses:				
Alcoholic Beverages	81,000	-	88,872	7,872
Other	115,000	-	128,964	13,964
Fees & Permits:				
Uniform Construction Code	1,900,000	-	3,311,315	1,411,315
Other	560,000	-	670,201	110,201
Fines & Costs - Municipal Court	685,000	-	678,278	(6,722)
Interest & Costs on Taxes	808,000	-	1,026,850	218,850
Police Identification Fees	16,500	-	15,044	(1,456)
Payment in Lieu of Taxes:				
Sons of Israel	16,900	-	97,406	80,506
Lakewood Plaza II				-
Consolidated Municipal Property Tax Relief	361,741	-	361,741	-
Energy Receipts Tax	4,795,866	-	4,795,866	-
Tax Abatement Program Revenues	125,000	-	167,284	42,284
Emergency Medical Services	920,000	-	1,058,053	138,053
Recycling Revenues from County	60,000	-	149,131	89,131
General Capital Fund Balance	100,000	-	100,000	-
Municipal Hotel & Occupancy Tax	125,000	-	144,957	19,957
Police Off-Duty Funds	280,000	-	455,961	175,961
Reserve for Repayment of Debt Service	127,000	-	-	(127,000)
Cell Tower Lease	90,000	-	97,911	7,911
Cable TV Franchise Fees	160,334	-	160,334	-
Recycling Tonnage Grant	131,799	-	131,799	-
Safe & Secure Communities Program	60,000	-	60,000	-
Community Development Block Grant - 2017	-	1,100,065	1,100,065	-
Clean Communities Program	-	114,996	114,996	-
Municipal Alcohol Education/Rehabilitation Program	-	7,335	7,335	-
NJDOT - 2017 Municipal Aid Program - Clifton Ave	-	315,858	315,858	-
State of NJ - Distracted Driving Crackdown	-	5,500	5,500	-
Cops in Shops	-	1,516	1,516	-
Cops in Shops - Summer 2017	-	2,800	2,800	-
Drive Sober or Get Pulled Over	-	5,500	5,500	-
2017 Body Armor	-	11,347	11,347	-
2017 Distracted Driving Crackdown	-	5,500	5,500	-
CJHIF - Wellness Grant Program	-	20,000	20,000	-
Urban Enterprise Zone:				
Lakewood Development Corporation 2016 Budget	-			-
2017-1 Project Management & Admin	267,000	-	267,000	-
2017-2 Business Networking Initiative 4	-	65,250	65,250	-
2017-3 Business Assistance Initiative	-	100,000	100,000	-
Total Miscellaneous Revenue	11,786,140	1,755,667	15,722,634	2,180,827
Receipts From Delinquent Taxes	3,700,000	-	4,679,893	979,893
Amount to be Raised by Taxes	57,245,001	-	59,358,982	2,113,981
Nonbudget Revenues	-	-	3,447,547	3,447,547
Total	\$ 87,715,381	\$ 1,755,667	\$ 98,193,296	\$ 8,722,248

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, 2017**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:

Revenue From Collection	\$ 196,086,276
Net Revenue from Collections	196,086,276
Allocated to School, County & Fire District Taxes	<u>141,892,494</u>
Balance for Support of Municipal Budget Appropriations	54,193,782
Add: Reserve for Uncollected Taxes	<u>5,165,200</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 59,358,982</u></u>

Analysis of Delinquent Taxes:

Tax Title Liens	\$ 44,683
Delinquent Taxes	<u>4,635,210</u>
Total Receipts From Delinquent Taxes	<u><u>\$ 4,679,893</u></u>

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Interest on Investments & Deposits	\$ 321,236
Recycling	52,942
Macedonia/Senior Housing	32,954
Lakewood Housing Authority-PILOT	32,848
Miscellaneous Other (MRNA)	30,567
Miscellaneous - Tax Collector	2,769
Cancel Outstanding Checks	8,112
American Baseball Utility Reimbursement	60,040
Co-Gen Host Community Fees	166,947
Lakewood Board of Education - Fuel Usage Reimbursement	222,582
Lakewood MUA - Fuel Usage Reimbursement	11,629
Street Opening Fees	23,200
Crossing Guard Reimbursement	272
Airport Lease - Aviation Charter	15,229
EREZ Holding LLC - PILOT Payment	22,750
Lakewood Plaza II-Pilot	115,530
Congregation Spruce Street Inc - Lease	1,200
DMV Inspection Fines	1,000
Ocean County JIF Dividend	106,068
Verizon Franchise Fee	34,621
Foreign Trade Zone Fees	13,640
Ocean County HIF Dividend	1,107,350
Ocean County Polling Places Fee	600
Ocean County - 10% Reimbursement	460,873
Other Copies	1,159
Copies Engineering	354
Property Maintenance	65,517
Congregation Ahavas Chesed	11,375
Senior & Veteran - State Admin Fees	9,737
DRE Police Call Out	3,823
QUAL-LYNX/Ocean Co. Mun JIF	72,103
Township Auction Proceeds	40,828
Menashe Miller Donation	50
Billboard Auction Bid Payments	185,000
Lease of Property	22,401
Stewart Bill Reimbursement Grant	8,222
Lease Yeshiva Mekor Hatorah	5,544
Lakewood Fire Commissioners - Fuel Reimbursement	25,843
Vacation of Streets - Easements	5,360
Payroll Agencies - Miscellaneous	33,375
Inspection Department Misc Fees	111,897
	<hr/>
Total	\$ 3,447,547

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET AFTER		PAID OR			BALANCE
	BUDGET	MODIFICATION	CHARGED	ENCUMBERED	RESERVED	CANCELLED
GENERAL GOVERNMENT FUNCTIONS:						
Administrative & Executive:						
Office of the Manager						
Salaries and Wages	\$ 461,364	\$ 461,364	\$ 375,994	\$ -	85,370	\$ -
Other Expenses	21,900	31,900	21,013	-	10,887	-
Governing Body:						
Salaries and Wages	165,000	165,000	157,062	-	7,938	-
Other Expenses	136,500	136,500	74,513	4,474	57,513	-
Department of Human Resources:						
Salaries and Wages	110,000	110,000	89,296	-	20,704	-
Other Expenses	55,000	55,000	25,023	1,078	28,899	-
Office of the Clerk:						
Salaries and Wages	372,170	372,170	325,650	-	46,520	-
Other Expenses	59,600	59,600	30,831	6,164	22,605	-
Purchasing Department:						
Salaries and Wages	139,214	139,214	136,839	-	2,375	-
Other Expenses	231,450	231,450	166,421	10,622	54,407	-
Financial Administration						
Salaries and Wages	359,000	359,000	338,858	-	20,142	-
Other Expenses	74,860	74,860	34,699	84	40,077	-
Audit Services:						
Other Expenses	70,000	70,000	-	-	70,000	-
Computer Center:						
Salaries and Wages	79,500	79,500	75,583	-	3,917	-
Other Expenses	247,250	247,250	130,218	22,588	94,444	-
Collection of Taxes:						
Salaries and Wages	330,534	330,534	261,941	-	68,593	-
Other Expenses	72,600	72,600	40,549	388	31,663	-
Assessment of Taxes:						
Salaries and Wages	403,390	403,390	385,898	-	17,492	-
Other Expenses	199,576	244,576	183,113	-	61,463	-
Liquidation of Tax Liens & Foreclosed Property:						
Other Expenses	20,500	20,500	-	-	20,500	-
Legal Services & Costs:						
Other Expenses	898,000	848,000	637,390	2,655	207,955	-
Engineering Services & Costs:						
Other Expenses	1,195,000	1,245,000	1,065,283	114,108	65,609	-
Department of Economic Development:						
Salaries and Wages	143,585	143,586	143,586	-	-	-
Other Expenses	5,000	5,000	1,855	-	3,145	-
Civil Rights Commission (N.J.S. 18:25-10):						
Other Expenses	1,250	1,250	-	-	1,250	-
Advisory Board on Disability:						
Other Expenses	1,500	1,500	-	-	1,500	-
Tourism Advisory Committee:						
Other Expenses	3,300	3,300	-	-	3,300	-
Veterans Advisory Committee:						
Other Expenses	30,000	30,000	30,000	-	-	-
Municipal Support Services						
Other Expenses	50,000	50,000	50,000	-	-	-

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

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
LAND USE ADMINISTRATION:						
Planning Board:						
Other Expenses	56,000	66,000	62,821	1,586	1,593	-
Zoning Board:						
Other Expenses	68,800	58,800	34,346	2,795	21,659	-
PUBLIC SAFETY FUNCTIONS:						
Police:						
Salaries and Wages	18,412,661	18,282,661	17,750,992	-	531,669	-
Other Expenses	1,254,630	1,254,630	1,071,253	138,233	45,144	-
Emergency Management Services:						
Salaries and Wages	50,000	50,000	46,154	-	3,846	-
Other Expenses	102,200	102,200	28,651	42,069	31,480	-
Emergency Medical Technicians:						
Salaries and Wages	952,021	952,021	862,711	-	89,310	-
Other Expenses	141,765	141,765	69,214	24,751	47,800	-
Municipal Prosecutor:						
Other Expenses	83,000	83,000	65,000	6,500	11,500	-
PUBLIC WORKS FUNCTION:						
Road Repairs & Maintenance:						
Salaries and Wages	1,711,844	1,631,844	1,566,587	-	65,257	-
Other Expenses	688,200	854,200	650,849	46,234	157,117	-
Street Cleaning:						
Salaries and Wages	145,000	123,797	92,082	-	31,715	-
Other Expenses	26,500	26,500	20,349	967	5,184	-
Department of Public Works:						
Salaries and Wages	855,000	815,000	760,067	-	54,933	-
Other Expenses	172,500	172,500	114,279	31,249	26,972	-
Shade Tree Commission:						
Salaries and Wages	147,383	127,383	79,724	-	47,659	-
Other Expenses	10,000	10,000	2,493	405	7,102	-
Cross Street Landfill Maintenance:						
Other Expenses	10,000	10,000	2,500	-	7,500	-
Garbage & Trash Removal:						
Salaries and Wages	1,513,649	1,513,649	1,453,942	-	59,707	-
Other Expenses	227,500	247,500	212,003	21,319	14,178	-
Recycling:						
Salaries and Wages	940,000	1,052,000	1,048,410	-	3,590	-
Other Expenses	81,700	101,700	76,606	5,797	19,297	-
Public Buildings & Grounds:						
Salaries and Wages	275,000	275,000	266,286	-	8,714	-
Other Expenses	233,125	260,125	196,760	62,386	979	-
Apartment Trash Reimbursements:						
Other Expenses	640,000	640,000	244,887	30,377	364,736	-
Automotive Mechanics:						
Salaries and Wages	535,389	535,389	515,218	-	20,171	-
Municipal Garage:						
Salaries and Wages	94,000	59,200	36,182	-	23,018	-
Other Expenses	123,500	143,500	110,820	19,961	12,719	-
Community Services Act:						
Other Expenses	1,375,000	1,375,000	783,759	52,636	538,605	-

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, 2017

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
MUNICIPAL COURT FUNCTIONS:						
Municipal Court:						
Salaries and Wages	461,460	451,460	425,471	-	25,989	-
Other Expenses	113,350	133,350	126,409	1,766	5,175	-
Public Defender:						
Other Expenses	52,000	64,000	63,633	-	367	-
HEALTH & HUMAN SERVICES FUNCTIONS:						
Board of Health:						
Salaries and Wages	103,000	103,000	75,863	-	27,137	-
Other Expenses	2,650	2,650	1,214	221	1,215	-
Environmental Commission (N.J.S. 40:56-A-1, et seq.):						
Other Expenses	2,000	2,000	300	-	1,700	-
Animal Control						
Salaries and Wages	83,000	83,000	75,718	-	7,282	-
Other Expenses	61,500	61,500	55,492	5,593	415	-
Relocation Assistance Program						
Other Expenses	7,500	7,500	-	-	7,500	-
Senior & Social Services:						
Other Expenses	260,000	260,000	260,000	-	-	-
Lakewood Community Services Corporation (N.J.S.A. 40:23-8.17)	50,000	50,000	50,000	-	-	-
PARKS & RECREATION FUNCTIONS:						
Recreation:						
Salaries and Wages	218,000	223,000	218,175	-	4,825	-
Other Expenses	38,500	38,500	38,500	-	-	-
Community Center:						
Salaries and Wages	115,540	115,540	98,757	-	16,783	-
Other Expenses	27,650	27,650	7,111	1,179	19,360	-
Parks & Playgrounds:						
Salaries and Wages	892,780	832,780	764,003	-	68,777	-
Other Expenses	145,500	145,500	131,065	12,597	1,838	-
OTHER COMMON OPERATING FUNCTIONS:						
Accumulated Leave Compensation	350,000	350,000	350,000	-	-	-
Celebration of Public Events:						
Other Expenses	15,000	15,000	12,000	-	3,000	-
Transfer to Lakewood Airport Authority	90,000	90,000	48,724	124	41,152	-
Lakewood Public Transportation	400,000	400,000	210,120	9,525	180,355	-
CODE ENFORCEMENT & ADMINISTRATION:						
State Uniform Construction Code Officials:						
Salaries and Wages	1,458,600	1,458,600	1,422,938	-	35,662	-
Other Expenses	316,300	316,300	192,017	77,758	46,525	-
Property Maintenance Code:						
Salaries and Wages	47,713	50,513	50,477	-	36	-
INSURANCE:						
Liability Insurance	979,617	979,617	956,515	-	23,102	-
Workers Compensation Insurance	972,603	972,603	972,603	-	-	-
Group Insurance Plan for Employees	10,844,000	10,844,000	10,550,582	648	292,770	-
Health Insurance Waivers	340,000	340,000	279,095	-	60,905	-
Unemployment Insurance	50,000	50,000	50,000	-	-	-

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

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
UTILITY EXPENSES & BULK PURCHASES:						
Electricity	435,000	435,000	404,892	-	30,108	-
Street Lighting	1,120,000	1,120,000	794,467	79,762	245,771	-
Telephone	198,000	198,000	144,114	146	53,740	-
Water	63,000	63,000	28,417	1,212	33,371	-
Natural Gas	136,000	111,000	50,703	-	60,297	-
Gasoline	1,154,000	1,083,000	833,990	21,505	227,505	-
Stadium Utilities	37,000	37,000	15,848	-	21,152	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:						
Landfill Disposal Costs	3,363,418	3,363,418	3,342,859	309	20,250	-
Total Operations Within CAPS	61,868,091	61,835,889	56,108,632	861,771	4,865,486	-
Contingent	10,000	10,000	-	-	10,000	-
Total Operations Including Contingent Within "CAPS"	61,878,091	61,845,889	56,108,632	861,771	4,875,486	-
Detail:						
Salaries and Wages	31,465,797	31,046,009	29,667,582	-	1,378,427	-
Other Expenses	30,412,294	30,799,880	26,441,050	861,771	3,497,059	-
DEFERRED CHARGES & STATUTORY EXPENDITURES WITHIN CAPS:						
Statutory Expenditures:						
Contributions to Employees Retirement System	1,386,118	1,418,320	1,418,319	-	1	-
Social Security System (O.A.S.I.)	1,408,000	1,408,000	1,345,448	-	62,552	-
NJ Police & Fireman's Retirement System	3,483,166	3,483,166	3,483,166	-	-	-
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	4,739	-	3,561	-
Deferred Charges & Statutory Expenditures Within CAPS	6,290,384	6,322,586	6,256,472	-	66,114	-
Total Appropriations Within CAPS	68,168,475	68,168,475	62,365,104	861,771	4,941,600	-
OPERATIONS - EXCLUDED FROM CAPS						
Recycling Tax:						
Other Expenses	131,876	131,876	131,876	-	-	-
SMFP Fire District Payments	47,327	47,327	47,327	-	-	-
Total Operations Excluded from "CAPS"	179,203	179,203	179,203	-	-	-

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, 2017

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
Public & Private Programs Offset by Revenues:						
Safe & Secure Communities Program:						
State Share	60,000	60,000	60,000	-	-	-
Local Share	281,698	281,698	281,698	-	-	-
Community Development Block Grant - 2017	-	1,100,065	1,100,065	-	-	-
Clean Communities Program	-	114,996	114,996	-	-	-
Alcohol Education & Rehabilitation Fund	-	7,335	7,335	-	-	-
Recycling Tonnage Grant	131,799	131,799	131,799	-	-	-
NJDOT - 2017 Municipal Aid Program - Clifton Ave	-	315,858	315,858	-	-	-
Matching Funds for Grants	30,000	30,000	6,000	-	24,000	-
Urban Enterprise Zone:						
2017-1 Project Management & Admin	267,000	267,000	267,000	-	-	-
2017-2 Business Networking Initiative 4	-	65,250	65,250	-	-	-
2017-3 Business Assistance Initiative	-	100,000	100,000	-	-	-
State of NJ - Distracted Driving Crackdown	-	5,500	5,500	-	-	-
Cops in Shops	-	1,516	1,516	-	-	-
Cops in Shops - Summer 2017	-	2,800	2,800	-	-	-
Drive Sober or Get Pulled Over	-	5,500	5,500	-	-	-
2017 Body Armor	-	11,347	11,347	-	-	-
2017 Distracted Driving Crackdown	-	5,500	5,500	-	-	-
CJHIF - Wellness Grant Program	-	20,000	20,000	-	-	-
Total Public & Private Programs Offset by Revenues	770,497	2,526,164	2,502,164	-	24,000	-
Capital Improvements - Excluded from "CAPS":						
Capital Improvement Fund	500,000	500,000	500,000	-	-	-
Purchase of Two Ambulances	190,000	190,000	-	-	190,000	-
Police Shooting Range and SWAT						
Facility Construction	175,000	175,000	-	-	175,000	-
Purchase Bucket Truck	85,000	85,000	-	81,115	3,885	-
Purchase Rolloff Truck	200,000	200,000	-	-	200,000	-
Construct Storage Buildings at PAT Park	90,000	90,000	-	25,145	64,855	-
Purchase Garbage/Recycle Containers	200,000	200,000	71,912	127,981	107	-
Purchase Riding Mower	14,500	14,500	12,317	-	2,183	-
Purchase DPW Shop Lift & Welding Gear	105,000	105,000	92,448	12,099	453	-
Purchase Two Maintenance Trucks with Plows	85,000	85,000	76,318	-	8,682	-
Purchase Six 8 Yard Containers	90,000	90,000	6,508	-	83,492	-
Purchase Two Leaf Trucks	340,000	340,000	-	299,888	40,112	-
Fences for DPW and EMS Facilities	80,000	80,000	10,761	-	69,239	-
Purchase Downtown Area Street Lights	30,000	30,000	29,058	-	942	-
Construction of Police Evidence Room	100,000	100,000	86,025	13,975	-	-
Police Department Renovations	141,500	141,500	122,883	-	18,617	-
Police Department Weapons Upgrade	75,000	75,000	29,402	-	45,598	-
Municipal Court Room Facility Renovations	168,000	168,000	11,485	10,738	145,777	-
Computer Software/Hardware Upgrades	370,000	370,000	119,485	125,007	125,508	-
GIS Tax Mapping	550,000	550,000	20,812	305,788	223,400	-
Property Acquisition	1,200,000	1,200,000	-	-	1,200,000	-
Total Capital Improvements - Excluded from CAPS	4,789,000	4,789,000	1,189,414	1,001,736	2,597,850	-

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, 2017**

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Principal	3,620,000	3,620,000	3,620,000	-	-	-
Payment of Bond Anticipation Notes	1,127,000	1,127,000	984,445	-	-	142,555
Interest on Bonds	1,098,733	1,098,733	1,098,733	-	-	-
Interest on Notes	381,870	381,870	380,696	-	-	1,174
Total Municipal Debt Service - Excluded from CAPS	6,227,603	6,227,603	6,083,874	-	-	143,729
Deferred Charges - Excluded from "CAPS":						
Special Emergency Authorizations - 5 Years	275,000	275,000	275,000	-	-	-
Emergency Appropriation - Board of Education Student Transportation	-	1,100,000	1,100,000	-	-	-
Ordinance #99-38/07-35 - Various Capital Improvements	85,984	85,984	85,984	-	-	-
Ordinance #02-31 - Various Capital Improvements	13,239	13,239	13,239	-	-	-
Ordinance #05-32 - Construction of New Pub Facility	4,400	4,400	4,400	-	-	-
Ordinance #05-88 - Various Capital Improvements	24,051	24,051	24,051	-	-	-
Ordinance #14-63 - Oak Street Road Improvements	12,729	12,729	12,729	-	-	-
Total Deferred Charges - Municipal - Excluded from CAPS:	415,403	1,515,403	1,515,403	-	-	-
Transferred to Board of Education for Use of Local Schools	2,000,000	2,000,000	2,000,000	-	-	-
Total General Appropriations Excluded from CAPS	14,381,706	17,237,373	13,470,058	1,001,736	2,621,850	143,729
Subtotal General Appropriations	82,550,181	85,405,848	75,835,162	1,863,507	7,563,450	143,729
Reserve For Uncollected Taxes	5,165,200	5,165,200	5,165,200	-	-	-
Total General Appropriations	<u>\$ 87,715,381</u>	<u>\$ 90,571,048</u>	<u>\$ 81,000,362</u>	<u>\$ 1,863,507</u>	<u>\$ 7,563,450</u>	<u>\$ 143,729</u>
Budget		\$ 87,715,381				
Emergency Authorizations		1,100,000				
Added by N.J.A. 40A:4-87		<u>1,755,667</u>				
Total		<u>\$ 90,571,048</u>				
Disbursements			\$ 74,457,725			
Refunds of Current Year Appropriations			(1,393,727)			
Appropriated Reserves for Federal & State Grants			2,496,164			
Deferred Charges			275,000			
Reserve for Uncollected Taxes			<u>5,165,200</u>			
Total			<u>\$ 81,000,362</u>			

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

TOWNSHIP OF LAKEWOOD
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	REFERENCE	<u>2017</u>	<u>2016</u>
Animal Control Trust Fund:			
Due from State of New Jersey	B-5	\$ 367	\$ 367
Interfund - Current Fund	B-4	<u>22,749</u>	<u>22,761</u>
Total Animal Control Fund		<u>23,116</u>	<u>23,128</u>
Grant Trust Fund:			
Cash	B-1	<u>201,149</u>	<u>200,024</u>
General Trust Fund:			
Cash & Cash Equivalents	B-1	12,639,991	10,380,484
Investments	B-2	506,045	512,561
Interfund - Current Fund	B-7	<u>1,582,043</u>	<u>1,223,313</u>
Total General Trust Fund		<u>14,728,079</u>	<u>12,116,358</u>
Total Assets		<u><u>\$ 14,952,344</u></u>	<u><u>\$ 12,339,510</u></u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-3	<u>\$ 23,116</u>	<u>\$ 23,128</u>
Total Animal Control Fund		<u>23,116</u>	<u>23,128</u>
Grant Trust Fund:			
Reserve for Revolving Loan Grant	B-6	<u>201,149</u>	<u>200,024</u>
General Trust Fund:			
Various Reserves	B-8	<u>14,728,079</u>	<u>12,116,358</u>
Total General Trust Fund		<u>14,728,079</u>	<u>12,116,358</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 14,952,344</u></u>	<u><u>\$ 12,339,510</u></u>

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

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**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS	REFERENCE	2017	2016
Cash & Cash Equivalents	C-2	\$ 7,631,122	\$ 1,466,980
Deferred Charges to Future Taxation:			
Funded	C-4	41,120,000	32,140,000
Unfunded	C-5	13,181,437	19,027,657
Prospective Assessments Raised by Taxation	C-6	<u>-</u>	<u>3,600</u>
Total Assets		<u>\$ 61,932,559</u>	<u>\$ 52,638,237</u>
LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Encumbered	C-7	\$ 2,631,492	\$ 936,245
Funded	C-7	745,616	10,208
Unfunded	C-7	8,296,087	6,198,697
Serial Bonds	C-8	41,120,000	32,140,000
Bond Anticipation Notes	C-9	8,500,000	12,930,000
Capital Improvement Fund	C-10	144,476	143,610
Reserve for Improvements	C-11	9,716	9,716
Reserve for Prospective Assessments Raised by Taxation	C	-	3,600
Reserve for Renewal & Replacement	C-12	101,356	101,356
Due to Current Fund	C-13	142,555	-
Reserve for Bond Funding COI 2016	C-14	-	7,657
Fund Balance	C-1	<u>241,261</u>	<u>157,148</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 61,932,559</u>	<u>\$ 52,638,237</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$ 4,681,437 and on December 31, 2016 was \$6,240,212.

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	157,147
Increased by:			
Close out Cost of Issuance Account	\$	7,657	
Premium on Bond Sale		5,707	
Premium on Bond Anticipation Notes		170,750	184,114
			<hr/>
Subtotal			341,261
Decreased by:			
Appropriated to Finance 2017 Budget Revenues			100,000
			<hr/>
Balance December 31, 2017		\$	<u><u>241,261</u></u>

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

**TOWNSHIP OF LAKEWOOD
PAYROLL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	<u>\$ 433,269</u>	<u>\$ 567,741</u>
Total Assets	<u><u>\$ 433,269</u></u>	<u><u>\$ 567,741</u></u>
 LIABILITIES & RESERVES		
Payroll Reserve	\$ 37,494	\$ 232,774
Due to Various Agencies	<u>395,775</u>	<u>334,967</u>
Total Liabilities & Reserves	<u><u>\$ 433,269</u></u>	<u><u>\$ 567,741</u></u>

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

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**TOWNSHIP OF LAKEWOOD
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
General Fixed Assets:		
Land	\$ 6,989,500	\$ 6,989,500
Buildings	25,225,305	25,225,305
Furniture & Fixtures, Equipment & Vehicles	<u>18,664,964</u>	<u>17,309,103</u>
 Total	 <u><u>\$ 50,879,769</u></u>	 <u><u>\$ 49,523,908</u></u>
 FUND BALANCE		
 Total Investment in General Fixed Assets	 <u><u>\$ 50,879,769</u></u>	 <u><u>\$ 49,523,908</u></u>

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

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**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

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

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

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

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

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

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

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

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

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

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

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

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

Note 2. Deposits and Investments

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

Deposits

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued)

As of December 31, 2017, the Township's bank balance of \$74,605,873 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 59,922,893
NJ Cash Management Fund	171
Uninsured and Uncollateralized	<u>13,615,145</u>
	<u><u>\$ 73,538,209</u></u>

Investments

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

Under regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township's fair value, hierarchy level and maturities of its investments at December 31, 2017 would be as followed:

	Carrying Value	Fair Value as of December 31, 2017 Level 1	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	6-10 Years
<u>Investment type</u>					
U.S. Treasury Securities	\$ 501,424	\$ 501,424	\$ 102,761	\$ 182,357	\$ 216,306
Money Markets	4,622	4,622	4,622	-	-
	<u>\$ 506,046</u>	<u>\$ 506,046</u>	<u>\$ 107,383</u>	<u>\$ 182,357</u>	<u>\$ 216,306</u>
<u>Fund</u>					
Trust Fund - Other	\$ 506,046	\$ 506,046	\$ 107,383	\$ 182,357	\$ 216,306
	<u>\$ 506,046</u>	<u>\$ 506,046</u>	<u>\$ 107,383</u>	<u>\$ 182,357</u>	<u>\$ 216,306</u>

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

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued)

15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As of December 31, 2017, the Township's investments had the following ratings:

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

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

Note 3. Property Taxes

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

Comparison Schedule of Tax Rates

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 2.052</u>	<u>\$ 2.930</u>	<u>\$ 2.835</u>
Apportionment of Tax Rate:			
Municipal	0.592	0.861	0.861
County General	0.407	0.550	0.513
Local School	1.004	1.449	1.403
Fire District	0.049	0.070	0.058

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 9,677,307,895
2016	6,451,459,200
2015	6,271,965,700

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 3. Property Taxes (continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2017	\$ 202,268,811	\$ 196,086,276	96.94%
2016	193,527,697	188,476,118	97.38%
2015	181,444,332	176,994,178	97.54%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2017	\$ 595,619	\$ 5,466,225	\$ 6,061,844	3.00%
2016	1,167,793	4,652,656	5,820,449	3.01%
2015	1,055,494	3,908,549	4,964,043	2.74%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2017	177
2016	190
2015	186

The last tax sale was held on October 26, 2017.

Note 4. Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2017	\$ 50,008,900
2016	50,008,900
2015	51,439,400

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 5. Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2017	\$ 27,283,679	\$ 19,197,668	70.36%
2016	29,460,274	14,984,240	50.86%
2015	21,575,424	9,696,675	44.94%

Note 6. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2017:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 142,555	\$ 2,230,377
State and Federal Grant Fund	625,585	-
Animal Control Trust	22,749	-
Trust Other Fund	1,582,043	-
General Capital Fund	-	142,555
	<u>\$ 2,372,932</u>	<u>\$ 2,372,932</u>

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

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 3,890,904	\$ 3,512,062
State and Federal Grant Fund	3,128,619	3,291,298
Animal Control Trust	13,383	13,371
Trust Other Fund	202,583	561,313
General Capital Fund	167,477	24,922
	<u>\$ 7,402,966</u>	<u>\$ 7,402,966</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

Note 7. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Buildings and Improvements	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	17,309,103	1,546,838	(190,977)	18,664,964
	<u>\$ 49,523,908</u>	<u>\$ 1,546,838</u>	<u>\$ (190,977)</u>	<u>\$ 50,879,769</u>

Note 8. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8. Pension Obligations (continued)

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2017, the Township's contractually required contribution to PERS plan was \$1,375,304.

Components of Net Pension Liability - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$34,558,629. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was .01484579117% which was a decrease of .0000400858% from its proportion measured as of June 30, 2016.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Pension Obligations (continued)

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

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 8,909,982	\$ 12,797,867
Deferred Inflows of Resources	7,098,843	211,781
Net Pension Liability	34,558,629	43,980,848
Township's portion of the Plan's total net pension Liability	0.14846%	0.14850%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2017, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$2,492,653. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,375,304 to the plan in 2017.

At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 813,736	\$ -
Changes of Assumptions	6,962,373	6,936,847
Net Difference between Projected and Actual Earnings on Pension Plan Investments	235,321	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>898,552</u>	<u>161,996</u>
	<u>\$ 8,909,982</u>	<u>\$ 7,098,843</u>

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8. Pension Obligations (continued)

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

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

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Pension Obligations (continued)

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

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

Year Ending Dec 31,	<u>Amount</u>
2018	\$ 1,026,156
2019	1,432,542
2020	903,587
2021	(842,985)
2022	<u>(708,161)</u>
	<u><u>\$ 1,811,139</u></u>

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

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Pension Obligations (continued)

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

base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Pension Obligations (continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 42,872,325	\$ 34,558,629	\$ 27,632,290

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

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

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

The following represents the membership tiers for PFRS:

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Pension Obligations (continued)

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

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.

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2017, the Township's contractually required contributions to PFRS plan was \$3,579,947.

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

Net Pension Liability and Pension Expense - At December 31, 2017 the Township's proportionate share of the PFRS net pension liability was \$62,447,806. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was .4045063487%, which was an increase of .0003570666% from its proportion measured as of June 30, 2016.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8. Pension Obligations (continued)

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

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 9,698,303	\$ 16,623,168
Deferred Inflows of Resources	11,005,256	1,064,906
Net Pension Liability	62,447,806	77,202,660
Township's portion of the Plan's total net pension Liability	0.40451%	0.40415%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2017, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2017 measurement date was \$5,663,582. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$3,579,947 to the plan in 2017.

At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 405,125	\$ 366,517
Changes of Assumptions	7,700,510	10,227,125
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,191,650	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	401,018	411,614
	<u>\$ 9,698,303</u>	<u>\$ 11,005,256</u>

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8. Pension Obligations (continued)

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

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

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Pension Obligations (continued)

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

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

Year Ending	
<u>Dec 31,</u>	<u>Amount</u>
2018	\$ 784,919
2019	2,101,218
2020	(50,157)
2021	(2,886,158)
2022	<u>(1,256,775)</u>
	<u>\$ (1,306,953)</u>

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

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Township is \$6,994,680 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. 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, 2017 was .4045053487%, which was an increase of .0003570666% from its proportion measured as of June 30, 2016, which is the same proportion as the Township's. At December 31, 2017, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 62,447,806
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>6,994,680</u>
	<u>\$ 69,442,486</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Pension Obligations (continued)

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

At December 31, 2017, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2017 measurement date was \$855,607.

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

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Pension Obligations (continued)

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

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (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 (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 82,280,127	\$ 62,447,806	\$ 46,153,299
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>9,216,067</u>	<u>6,994,680</u>	<u>5,169,558</u>
	<u><u>\$ 91,496,194</u></u>	<u><u>\$ 69,442,486</u></u>	<u><u>\$ 51,322,857</u></u>

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Municipal Debt

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 49,620,000	\$ 45,070,000	\$ 47,955,000
Total Debt Issued	<u>49,620,000</u>	<u>45,070,000</u>	<u>47,955,000</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	<u>4,681,437</u>	<u>6,240,212</u>	<u>14,135,788</u>
Total Authorized But Not Issued	<u>4,681,437</u>	<u>6,240,212</u>	<u>14,135,788</u>
Total Gross Debt	<u>\$ 54,301,437</u>	<u>\$ 51,310,212</u>	<u>\$ 62,090,788</u>
Deductions:			
General:			
Bonds per N.J.S.A.40A:2-52	<u>500,000</u>	<u>632,657</u>	<u>740,000</u>
Total Net Debt	<u>\$ 53,801,437</u>	<u>\$ 50,677,555</u>	<u>\$ 61,350,788</u>

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 32,147,241	\$ 32,147,241	\$ -
General Debt	<u>54,301,437</u>	<u>500,000</u>	<u>53,801,437</u>
Total	<u>\$ 86,448,678</u>	<u>\$ 32,647,241</u>	<u>\$ 53,801,437</u>

Net Debt \$53,801,437 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$9,122,698,092, equals .590%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2017 is calculated as follows:

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Municipal Debt (continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 319,294,433
Net Debt	<u>53,801,437</u>
Remaining Borrowing Power	<u><u>\$ 265,492,996</u></u>

General Debt

A. Serial Bonds Payable

Current Year Bond Issue

On November 14, 2017, the Township issued \$12,600,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on November 1, 2028.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,875,000	\$ 1,415,466	\$ 5,290,466
2019	3,915,000	1,301,406	5,216,406
2020	3,950,000	1,178,300	5,128,300
2021	3,655,000	1,066,238	4,721,238
2022	3,580,000	955,044	4,535,044
2023-2027	16,890,000	2,824,706	19,714,706
2028-2032	<u>5,255,000</u>	<u>375,781.00</u>	<u>5,630,781</u>
	<u>\$ 41,120,000</u>	<u>\$ 9,116,941</u>	<u>\$ 50,236,941</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2017:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2017</u>
Various Capital Improvements	8/9/2017	6/28/2018	2.250%	<u><u>\$ 8,500,000</u></u>

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Municipal Debt (continued)

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

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2017, the Township had \$4,681,437 in various General Capital bonds and notes authorized but not issued.

Summary of Principal Debt

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

	Balance December 31, <u>2016</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2017</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 32,140,000	\$ 12,600,000	\$ 3,620,000	\$ 41,120,000	\$ 3,875,000
Bond Anticipation Notes	12,930,000	22,350,000	26,780,000	8,500,000	8,500,000
	<u>\$ 45,070,000</u>	<u>\$ 34,950,000</u>	<u>\$ 30,400,000</u>	<u>\$ 49,620,000</u>	<u>\$ 12,375,000</u>

Note 10. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2017</u>	2018 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 825,000	\$ 275,000	\$ 550,000
Emergency Authorization Local School District (40A:4-46)	1,100,000	1,100,000	-

Note 11. Special Emergency Note Payable

On March 16, 2017 the Township issued \$825,000 in Special Emergency Notes, Series 2017. The purpose of the Note was to finance the special emergency appropriation authorized by the governing body on June 11, 2015 for Revaluation of Real Property. The Notes bear an interest rate of 1.50% and mature on March 15, 2018.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 12. Deferred Compensation Salary Account

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 13. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$4,817,060 at December 31, 2017.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2017, the Township has reserved in the Other Trust Fund \$396,087 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 14. Risk Management

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

Joint Insurance Pool

The Township is a member of the Ocean County Municipal Joint Insurance Fund (JIF). This public entity risk pool is both an insured and self-administered group of 29 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance Program. There were no settlements in excess of insurance coverage in 2017, 2016 and 2015.

New Jersey Unemployment Compensation Insurance

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 14. Risk Management (continued)

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 250,877	\$ 41,054	\$ 291,585
2016	242	14,813	81,762
2015	321	35,431	96,333

Note 15. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2017 the Township estimates that no material liabilities will result from such audits.

Litigation

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

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2017.

Note 16. Tax Abatements

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

For the year ended December 31, 2017, the Township abated property taxes totaling \$167,512 under this program, including the following tax abatement agreement that exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 16. Tax Abatements (continued)

Recipient	Purpose	Amount Abated
W&M Realty LLC	Commercial	\$ 54,017
Lakewood Conference Center LLC	Commercial	27,618
Kikar Shabbos LLC	Commercial	18,748
1001 New Hampshire Avenue LLC	Commercial	<u>32,613</u>
		<u>\$ 132,996</u>

Note 17. Post Employment Retirements Benefits

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

Results of Valuation

♦ *Actuarial Accrued Liability*

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

♦ *Annual Required Contribution*

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

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,

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 17. Post Employment Retirements Benefits (continued)

and 302 active participants of whom 25 are eligible to retire as of the valuation date. The average age of the active population is 44 and the average age of the retiree population is 66.

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

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

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

Key Actuarial Assumptions:

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

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

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2017 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, 2017**

Note 18. Reserve for Co-Gen Overpayments

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

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

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

Note 19. Subsequent Events

The Township of Lakewood has evaluated subsequent events occurring after December 31, 2017 through the date of June 22, 2018, which is the date the financial statements were available to be issued.

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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, 2017

Balance December 31, 2016		\$	50,773,217
Increased by Receipts:			
Tax Collector	\$	207,615,888	
Nonbudget Revenue		3,447,547	
State of New Jersey (Ch. 20, P.L. 1971)		484,350	
Special Emergency Notes Issued		825,000	
Revenue Accounts Receivable		12,216,628	
Interfunds		2,709,200	
Refunds to Appropriations		1,393,727	
Refunds to Appropriation Reserves		49,500	
Various Reserves		232,532	
Due to State of New Jersey		248,056	
Deposits on Sale of Property		27,100	
Section 8 Existing Housing		15,072,519	244,322,047
Subtotal			295,095,264
Decreased by Disbursements:			
2017 Budget Appropriations		74,457,725	
Interfunds		2,420,020	
Repayment of Emergency Notes		1,100,000	
2016 Appropriation Reserves		3,365,694	
Accounts Payable		5,051	
County Taxes Payable		40,219,747	
Local School District Tax		97,114,646	
Fire District Tax		4,685,240	
Various Reserves		2,204,613	
Tax Overpayments		231,615	
Due to State of New Jersey		233,581	
Section 8 Existing Housing		16,454,859	242,492,791
Balance December 31, 2017		\$	<u>52,602,473</u>

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEARS ENDED DECEMBER 31, 2017

Balance December 31, 2016		\$	-
Increased by Receipts:			
Taxes Receivable	\$	199,350,906	
Tax Title Liens		44,683	
Prepaid Taxes		6,926,493	
Prepaid Tax Abatements		2,266	
Tax Abatements Received		167,284	
Payment in Lieu of Taxes		97,406	
Interest & Costs on Taxes		1,026,850	207,615,888
			<hr/>
Subtotal			207,615,888
Decreased by Disbursements:			
Turnover to Treasurer			207,615,888
			<hr/>
Balance December 31, 2017		\$	-
			<hr/> <hr/>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2017**

YEAR	BALANCE DECEMBER 31, 2016	COLLECTED		2017 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, 2017
		2016	2017								
2009	\$ 18	\$ -	\$ 2,716	\$ -	\$ -	\$ -	\$ -	\$ 2,716	\$ -	\$ -	\$ 18
2011	9	-	76	-	-	13,842	-	13,888	-	(30)	9
2012	14	-	-	-	-	-	-	-	-	-	14
2013	2	-	-	-	-	-	-	-	-	-	2
2014	2,849	-	-	-	-	-	-	-	-	-	2,849
2015	1,577	-	7,102	-	-	68,917	-	78,698	-	4,253	3
2016	4,648,187	-	4,636,816	-	12,088	211,315	-	210,272	(23,893)	17,763	4,370
Total	4,652,656	-	4,646,710	-	12,088	294,074	-	305,574	(23,893)	21,986	7,265
2017	-	202,268,811	1,482,019	194,704,196	70,091	516,923	-	1,126,484	509,622	653,484	5,458,960
Balance	\$ 4,652,656	\$ 202,268,811	\$ 1,482,019	\$ 193,350,906	\$ 82,179	\$ 810,997	\$ 1,432,058	\$ 485,729	\$ 675,470	\$ 5,466,225	

ANALYSIS OF 2017 PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 193,750,083
Fire District Tax	4,685,240
Added & Omitted Tax	3,833,488
Total	<u>\$ 202,268,811</u>
Tax Levy:	
Local District School Tax	\$ 97,114,646
County Taxes:	
County Taxes	\$ 33,357,491
County Library Tax	3,593,714
County Health Tax	1,302,257
County Open Space Tax	1,136,974
Due County for Added & Omitted Taxes	<u>702,172</u>
Total County Taxes	40,092,608
Fire District Taxes	4,685,240
Local Tax for Municipal Purposes	57,245,001
Add: Additional Tax Levied	<u>3,131,316</u>
Total	<u>\$ 202,268,811</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEARS ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	1,167,793
Increased by:			
Transfer from Taxes Receivable			<u>82,179</u>
Subtotal			1,249,972
Decreased by:			
Cancelled by Resolution	\$	609,670	
Cash Collections		<u>44,683</u>	<u>654,353</u>
Balance December 31, 2017		\$	<u><u>595,619</u></u>

**SCHEDULE OF TAX ABATEMENT RECEIVABLE
FOR THE YEARS ENDED DECEMBER 31, 2017**

Balance December 31, 2016 and 2017	\$	<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, 2017**

Balance December 31, 2016 and 2017	<u>\$ 50,008,900</u>
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**SCHEDULE OF DUE FROM STATE - P.L. 1971, C. 20
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 110,998
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Increased by:

Deductions per Tax Duplicate:

Senior Citizens

\$ 116,500

Veterans

384,750

Deductions Allowed by Collector - Current Year Taxes

12,500

513,750

Subtotal

624,748

Decreased by:

Received from State of New Jersey

484,350

Deductions Disallowed - Current Year Taxes

4,128

Deductions Disallowed - Prior Years Taxes

23,893

512,371

Balance December 31, 2017

\$ 112,377

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

	BALANCE DECEMBER 31, 2016	ACCRUED IN 2017	COLLECTION		BALANCE DECEMBER 31, 2017
			TREASURER	COLLECTOR	
Clerk:					
Alcoholic Beverages Licenses	\$ -	\$ 88,872	\$ 88,872	\$ -	\$ -
Other Licenses	-	128,964	128,964	-	-
Division of Inspections:					
Construction Code Official	236,903	3,385,340	3,311,315	-	310,928
Other Fees & Permits	33,424	671,757	670,201	-	34,980
Department of Police:					
Police Identification Fees	-	15,044	15,044	-	-
Municipal Court:					
Fines & Costs	49,607	674,718	678,278	-	46,047
Recycling Revenue from County	-	149,131	149,131	-	-
Emergency Medical Services	-	1,058,053	1,058,053	-	-
Police Off-Duty Employment Funds	-	455,961	455,961	-	-
Cell Tower Lease	-	97,911	97,911	-	-
Municipal Hotel & Occupancy Tax	-	144,957	144,957	-	-
Tax Abatement Program Revenue	-	167,284	-	167,284	-
General Capital Fund Balance	-	100,000	100,000	-	-
Tax Collector:					
Payment in Lieu of Taxes:					
Sons of Israel	-	97,406	-	97,406	-
Interest & Costs on Taxes	-	1,026,850	-	1,026,850	-
State of New Jersey:					
Consolidated Municipal Property					
Tax Relief Aid	-	361,741	361,741	-	-
Energy Receipts Tax	-	4,795,866	4,795,866	-	-
Cable TV Franchise Fees	-	160,334	160,334	-	-
Total	\$ 319,934	\$ 13,580,189	\$ 12,216,628	\$ 1,291,540	\$ 391,955

Cash Receipts \$ 12,216,628 \$ 1,291,540

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
N.J.S. 40A: 4-55 SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2017

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2016	BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2017
6/11/15	Revaluation of Real Property	\$ 1,375,000	\$ 275,000	\$ 1,100,000	\$ 275,000	\$ 825,000
Total				\$ 1,100,000	\$ 275,000	\$ 825,000

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
N.J.S. 40A: 4-56 EMERGENCY APPROPRIATION FOR THE SCHOOL DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2017

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2016	AUTHORIZED	BALANCE DECEMBER 31, 2017
8/10/17	Local School District Emergency	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 1,100,000
			\$ -	\$ 1,100,000	\$ 1,100,000

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>BALANCE DECEMBER 31, 2016</u>		BALANCE		
	RESERVED	ENCUMBERED	AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Administrative & Executive:					
Office of the Manager:					
Salaries	\$ 64,796	\$ -	\$ 64,796	\$ -	\$ 64,796
Other Expenses	1,213	226	1,439	1,041	398
Governing Body:					
Salaries	-	-	-	-	-
Other Expenses	2,422	5,574	7,996	6,284	1,712
Municipal Clerk:					
Salaries	11,774	-	11,774		11,774
Other Expenses	26,841	5,300	32,141	5,946	26,195
Purchasing Department:					
Salaries and Wages	258	-	258		258
Other Expenses	1,724	15,791	17,515	9,915	7,600
Financial Administration:					
Salaries and Wages	6,602	-	6,602		6,602
Other Expenses	4,696	4,481	9,177	8,919	258
Audit Services:					
Annual Audit	60,000	-	60,000	60,000	-
Computer Center:					
Salaries and Wages	3,502	-	3,502		3,502
Other Expenses	16,643	41,190	57,833	39,495	18,338
Collection of Taxes:					
Salaries and Wages	10,115	-	10,115	-	10,115
Other Expenses	31,163	3,509	34,672	4,507	30,165
Assessment of Taxes:					
Salaries and Wages	3,145	-	3,145	-	3,145
Other Expenses	51,589	9,478	61,067	19,181	41,886
Liquisation of Tax Liens & Foreclosed					
Other Expenses	20,500	-	20,500	-	20,500
Legal Services & Costs:					
Other Expenses	189,987	9,055	199,042	13,426	185,616
Engineering Services & Costs:					
Other Expenses	171,418	81,566	252,984	171,161	81,823
Department of Economic Development:					
Salaries and Wages	23	-	23	-	23
Other Expenses	4,045	-	4,045	-	4,045
Civil Rights Commission:					
Other Expenses	1,250	-	1,250	-	1,250
Advisory Board on Disability:					
Other Expenses	1,500	-	1,500	-	1,500
Tourism Advisory Committee:					
Other Expenses	3,500	-	3,500	-	3,500
Veterans Advisory Committee:					
Other Expenses	-	30,000	30,000	30,000	-
Planning Board:					
Other Expenses	5,030	1,100	6,130	6,047	83
Zoning Board:					
Other Expenses	40,285	3,032	43,317	5,179	38,138

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>BALANCE DECEMBER 31, 2016</u>		BALANCE	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED	AFTER TRANSFERS		
Police:					
Salaries and Wages	365,228	-	365,228	2,849	362,379
Other Expenses	2,033	143,450	145,483	143,856	1,627
Emergency Management Services:					
Salaries and Wages	50,000	-	50,000	10,000	40,000
Other Expenses	1,391	7,018	8,409	7,638	771
Emergency Medical Technicians:					
Salaries and Wages	91,179	-	91,179	26	91,153
Other Expenses	11,451	45,237	56,688	52,333	4,355
Municipal Prosecutor					
Other Expenses	12,250	-	12,250	6,250	6,000
Road Repairs & Maintenance:					
Salaries and Wages	52,664	-	52,664	-	52,664
Other Expenses	435	39,868	40,303	38,431	1,872
Street Cleaning:					
Salaries and Wages	8,141	-	8,141	-	8,141
Other Expenses	-	1,480	1,480	1,480	-
Department of Public Works:					
Salaries and Wages	40,184	-	40,184	308	39,876
Other Expenses	1,337	516	1,853	1,452	401
Shade Tree Commission:					
Salaries and Wages	1,574	-	1,574	-	1,574
Other Expenses	6,092	-	6,092	51	6,041
Cross Street Landfill Maint:					
Other Expenses	7,219	-	7,219	-	7,219
Garbage & Trash Removal:					
Salaries and Wages	38,035	-	38,035	123	37,912
Other Expenses	23,009	28,163	51,172	46,044	5,128
Recycling:					
Salaries and Wages	16,536	-	16,536	-	16,536
Other Expenses	12,884	4,294	17,178	11,064	6,114
Public Buildings & Grounds:					
Salaries and Wages	18,546	-	18,546	-	18,546
Other Expenses	12,179	30,013	42,192	37,749	4,443
Apartment Trash Reimbursement:					
Other Expenses	238,249	121,770	360,019	359,911	108
Automotive Mechanics:					
Salaries and Wages	6,384	-	6,384	-	6,384
Municipal Garage:					
Salaries and Wages	5,636	-	5,636	-	5,636
Other Expenses	13,058	17,354	30,412	21,989	8,423
Community Services Act:					
Other Expenses	196,646	27,450	224,096	224,096	-
Municipal Court:					
Salaries and Wages	28,382	-	28,382	-	28,382
Other Expenses	1,638	1,857	3,495	2,571	924

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>BALANCE DECEMBER 31, 2016</u>		BALANCE	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED	AFTER TRANSFERS		
Public Defender					
Other Expenses	33,700	-	33,700	-	33,700
Board of Health:					
Salaries and Wages	18,193	-	18,193	-	18,193
Other Expenses	1,304	-	1,304	-	1,304
Environmental Commission:					
Other Expenses	461	-	461	202	259
Animal Control:					
Salaries and Wages	417	-	417	-	417
Other Expenses	14,958	3,843	18,801	5,800	13,001
Relocation Assistance Program					
Other Expenses	7,500	-	7,500	-	7,500
Lakewood Community Services Corporation (N.J.S.A. 40:23-8.17)	-	40,000	40,000	40,000	-
Recreation:					
Salaries and Wages	3,902	-	3,902	-	3,902
Other Expenses	11,467	2,389	13,856	2,434	11,422
Community Center:					
Salaries and Wages	17,110	-	17,110	-	17,110
Other Expenses	19,860	382	20,242	382	19,860
Parks & Playgrounds:					
Salaries and Wages	39,934	-	39,934	-	39,934
Other Expenses	11,712	29,859	41,571	38,592	2,979
Celebration of Public Events:					
Other Expenses	3,000	-	3,000	-	3,000
Transfer to Lakewood Airport Authority	15,913	1,491	17,404	6,140	11,264
Lakewood Public Transportation	108,447	93,750	202,197	142,998	59,199
State Uniform Construction Code Officials:					
Salaries and Wages	8,180	-	8,180	21	8,159
Other Expenses	80,368	39,607	119,975	42,361	77,614
Property Maintenance Code:					
Salaries and Wages	11	-	11		11
Insurance:					
Liability Insurance	-	1,974	1,974	1,974	-
Group Insurance Plan	123,440	26,620	150,060	25,938	124,122
Health Insurance Waivers	23,142	-	23,142		23,142
Utility Expenses & Bulk Purchases:					
Electricity	69,883	-	69,883	54,128	15,755
Street Lighting	317,948	22,034	339,982	45,612	294,370
Telephone	31,217	136	31,353	13,339	18,014
Water	14,352	-	14,352	5,312	9,040
Natural Gas	65,908	-	65,908	26,090	39,818
Gasoline	396,053	24,899	420,952	47,303	373,649
Stadium Utilities	9,253	-	9,253	7,535	1,718
Landfill/Solid Waste Disposal Costs:					
Landfill Disposal Costs	266,176	178,244	444,420	180,035	264,385
Contingent	7,500	-	7,500	3,916	3,584

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>BALANCE DECEMBER 31, 2016</u>		BALANCE	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED	AFTER TRANSFERS		
Deferred Charges & Statutory Expenditures Within CAPS:					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	21,096	23,635	44,731	23,635	21,096
Defined Contribution Retirement Program	5,668	154	5,822	687	5,135
Operations Excluded from CAPS:					
Recycling Tax:					
Other Expenses	-	123,762	123,762	123,762	-
Public & Private Programs Offset by Revenue:					
Matching Funds for Grants	21,000	-	21,000	-	21,000
Capital Improvements- Excluded from CAPS:					
Computerization of Gas Pumps at Public Works Facility	6,118	-	6,118	2,344	3,774
Municipal Building Security System Installation	123,503	24,057	147,560	37,403	110,157
Purchase of Two Ambulances	23,372	25,526	48,898	47,368	1,530
Replace Windows & Doors at Various Municipal Building	63,013	2,912	65,925	8,556	57,369
Refurbish/Replace Playground Equipment	464	85,000	85,464	85,451	13
Demolition of Old Public Works Building/Construction of Playground	228,850	90,000	318,850	68,853	249,997
Police Shooting Range and SWAT Facility Construction	250,500	49,500	300,000	182,995	117,005
Drainage Construction	455,245	40,729	495,974	40,729	455,245
Three Sanitation Trucks	-	830,000	830,000	830,000	-
Five 40 Yard Containers	1,864	-	1,864	-	1,864
Public Works Computer and Software Updates	14,669	24,601	39,270	24,651	14,619
Deferred Charges - Excluded From Caps:					
Ordinance #2001-39 - Public Parking Lots	1	-	1	-	1
Total General Appropriations	<u>\$ 4,933,053</u>	<u>\$ 2,463,876</u>	<u>\$ 7,396,929</u>	<u>\$ 3,515,868</u>	<u>\$ 3,881,061</u>

Cash Disbursements	\$ 3,365,694
Cash Refunds	(49,500)
Accounts Payable	<u>199,674</u>
Total	<u>\$ 3,515,868</u>

EXHIBIT A-15

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	106,880
Increased by:			
Appropriation Reserves			<u>199,674</u>
Subtotal			306,554
Decreased by:			
Cash Disbursed	\$	5,051	
Cancelled Accounts Payable		<u>35,019</u>	<u>40,070</u>
Balance December 31, 2017		\$	<u><u>266,484</u></u>

EXHIBIT A-16

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	1,482,019
Increased by:			
Collections, 2018 Taxes			<u>6,926,493</u>
Subtotal			8,408,512
Decreased by:			
Applied to Taxes Receivable			<u>1,482,019</u>
Balance December 31, 2017		\$	<u><u>6,926,493</u></u>

EXHIBIT A-17

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	2,702,122
Increased by:			
Created			<u>1,432,058</u>
Subtotal			4,134,180
Decreased by:			
Disbursements	\$	231,615	
Applied		<u>810,997</u>	<u>1,042,612</u>
Balance December 31, 2017		\$	<u><u>3,091,568</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ 829,311
Increased by:		
County Tax	\$ 33,357,491	
County Library Tax	3,593,714	
County Health Tax	1,302,257	
County Open Space Preservation	1,136,974	
Due County for Added & Omitted Taxes	702,172	40,092,608
		<hr/>
Subtotal		40,921,919
Decreased by:		
Payments		40,219,747
		<hr/>
Balance December 31, 2017		<u><u>\$ 702,172</u></u>

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ -
Increased by:		
Levy - Calendar Year 2017		97,114,646
		<hr/>
Subtotal		97,114,646
Decreased by:		
Payments		97,114,646
		<hr/>
Balance December 31, 2017		<u><u>\$ -</u></u>

**SCHEDULE OF FIRE DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ -
Increased by:		
Levy - Calendar Year		4,685,240
		<hr/>
Subtotal		4,685,240
Decreased by:		
Payments		4,685,240
		<hr/>
Balance December 31, 2017		<u><u>\$ -</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Reserve For:				
Industrial Commission	\$ 3,346,440	\$ 232,532	\$ 1,998,363	\$ 1,580,609
Co-Gen Overpayments	1,775,854	-	-	1,775,854
Revaluation	206,250	-	206,250	-
Superstorm Sandy	100,139	-	-	100,139
Total	<u>\$ 5,428,683</u>	<u>\$ 232,532</u>	<u>\$ 2,204,613</u>	<u>\$ 3,456,602</u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2017**

	TOTAL	CONSTRUCTION TRAINING FEES	MARRIAGE/ DOMESTIC PARTNERSHIP FEES
Balance December 31, 2016	\$ 50,050	\$ 43,075	\$ 6,975
Increased by:			
Cash Receipts	<u>248,056</u>	<u>223,381</u>	<u>24,675</u>
Subtotal	<u>298,106</u>	<u>266,456</u>	<u>31,650</u>
Decreased by:			
Cash Disbursed	<u>233,581</u>	<u>208,731</u>	<u>24,850</u>
Balance December 31, 2017	<u>\$ 64,525</u>	<u>\$ 57,725</u>	<u>\$ 6,800</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEPOSITS ON SALE OF PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 338,000
Increased by:	
Cash Receipts	<u>27,100</u>
Balance December 31, 2017	<u><u>\$ 365,100</u></u>

**SCHEDULE OF DUE TO LAKEWOOD HOUSING
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 1,382,382
Increased by:	
Cash Receipts	<u>15,072,519</u>
Subtotal	16,454,901
Decreased by:	
Cash Disbursed	<u>16,454,859</u>
Balance, December 31, 2017	<u><u>\$ 42</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF INTERFUNDS - OTHER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	TOTAL	FEDERAL & STATE GRANT FUND	GENERAL TRUST	CAPITAL FUND	ANIMAL CONTROL TRUST
Balance, December 31, 2016:					
Interfund Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
(Interfund Payable)	(1,343,896)	(462,906)	(1,223,313)	-	(22,761)
Increased by:					
Grant Reserves Cancelled	1,084,409	1,084,409	-	-	-
Disbursements	2,252,543	2,044,210	202,583	-	5,750
Statutory Excess in Reserve	7,633	-	-	-	7,633
Interfund Loan	167,477	-	-	167,477	-
Total Increased by	3,512,062	3,128,619	202,583	167,477	13,383
Subtotal	2,168,166	2,665,713	(1,020,730)	167,477	(9,378)
Decreased by:					
Animal Control Receipts	13,371	-	-	-	13,371
Closure of Bank Accounts	162,615	-	162,615	-	-
Matching Funds for Grants	281,698	281,698	-	-	-
Grants Receivable Canceled	900,006	900,006	-	-	-
Return to Current	2,023,370	1,998,448	-	24,922	-
Collections - Treasurer:					
Unappropriated Funds	111,146	111,146	-	-	-
Subtotal	3,492,206	3,291,298	162,615	24,922	13,371
Various Reserves	398,698	-	398,698	-	-
Total Decreased by	3,890,904	3,291,298	561,313	24,922	13,371
Balance, December 31, 2017:					
Interfund Receivable	\$ 142,555	\$ -	\$ -	\$ 142,555	\$ -
(Interfund Payable)	\$ (2,230,377)	\$ (625,585)	\$ (1,582,043)	\$ -	\$ (22,749)

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF EMERGENCY AUTHORIZATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2017**

PURPOSE OF	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Revaluation of Real Property	3/16/17	3/15/18	1.50%	\$ 1,100,000	\$ 825,000	\$ 1,100,000	\$ 825,000
				<u>\$ 1,100,000</u>	<u>\$ 825,000</u>	<u>\$ 1,100,000</u>	<u>\$ 825,000</u>
			Total	\$ 1,100,000	\$ 825,000	\$ 1,100,000	\$ 825,000

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	(462,906)
Increased by:			
Disbursed by Current Fund:			
Appropriated Reserves	\$	2,044,210	
Cancellation of Grant Appropriated Reserve		1,084,409	3,128,619
			<hr/>
Subtotal			2,665,713
Decreased by:			
Deposited in Current Fund:			
Unappropriated Reserves	\$	111,146	
Grants Receivable		1,998,448	
Grant Matching Funds		281,698	
Cancellation of Grant Receivables		900,006	3,291,298
			<hr/>
Balance December 31, 2017		\$	<u><u>(625,585)</u></u>

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

GRANT	BALANCE DECEMBER 31, 2016	2017 ANTICIPATED REVENUE	CASH RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2017
Federal:	\$	\$	\$	\$	\$
Bulletproof Vest Partnership Program	4,482	-	-	-	4,482
Bulletproof Vest Partnership Program - 2015	19,375	-	-	-	19,375
Community Development Block Grant- 2015	480,163	-	480,163	-	-
Community Development Block Grant- 2016	1,200,529	-	750,399	-	450,130
Community Development Block Grant- 2017	-	1,100,065	-	-	1,100,065
Cops in Shops	-	1,516	1,516	-	-
Cops in Shops - Summer 2017	-	2,800	2,800	-	-
Drive Sober or Get Pulled Over	-	5,500	5,500	-	-
Distracted Driving Crackdown - 2017	-	11,000	11,000	-	-
Edward Byrne Memorial Justice Assistance Grant - 2012	4,866	-	-	4,866	-
Edward Byrne Memorial Justice Assistance Grant - 2013	5,942	-	-	5,942	-
Edward Byrne Memorial Justice Assistance Grant - 2014	8,815	-	-	-	8,815
Edward Byrne Memorial Justice Assistance Grant - 2016	13,149	-	-	-	13,149
Department of Transportation:					
Cedarbridge Corporate Campus	21,755	-	-	-	21,755
Highway Safety Fund	181,323	-	-	-	181,323
Highway Safety Fund - 2015	13,603	-	-	-	13,603
Fourth Street	25,176	-	-	25,176	-
US DOT Lakewood Airport	35,881	-	-	35,881	-
US DOT Taxiway Construction Phase I	21,402	-	-	-	21,402
US DOT Taxiway Construction Phase II	83,488	-	77,523	-	5,965
US DOT Airport Development Grant - Runway	9,966	-	-	-	9,966
Environmental Study Phase III	153	-	-	153	-
FEMA - Hazard Mitigation Grant	392,685	-	-	-	392,685
Fence Environmental	69,475	-	-	69,475	-
NJ Transit CIP Parking Lot Project	3,764,000	-	-	-	3,764,000
Acquire Land for Approaches Runway 6 - Phase II	212,822	-	1,472	-	211,350
Perimeter Fence Phase II	296,057	-	-	296,057	-
Wetlands Mitigation	2,443	-	-	2,443	-
Sub-Total Federal	6,867,550	1,120,881	1,330,373	439,993	6,218,065

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

GRANT	BALANCE DECEMBER 31, 2016	2017 ANTICIPATED REVENUE	CASH RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2017
State:					
Alcohol Education & Rehabilitation Fund	-	7,335	7,335	-	-
Body Armor Replacement Fund	-	11,347	11,347	-	-
Clean Communities	-	114,996	114,996	-	-
Helipad	9,667	-	-	-	9,667
Construct Taxiway to Runway 24 End - State Share	4,648	-	2,172	-	2,476
Jet Fuel Tank	15,340	-	-	-	15,340
Kettle Creek & Vine Street Access Project	23	-	-	23	-
Kettle Creek & Vine Street Access					
Project - Phase II	37,551	-	-	37,551	-
Raintree - Phase III	71,620	-	-	71,620	-
Municipal Aid Program 2009	37,230	-	-	-	37,230
Municipal Aid Program 2011	66,240	-	-	-	66,240
Municipal Aid Program 2012	23,979	-	-	-	23,979
Municipal Aid Program 2013	11,829	-	-	-	11,829
Municipal Aid Program 2014	148,189	-	103,861	-	44,328
Municipal Aid Program 2015	351,726	-	-	-	351,726
Municipal Aid Program 2016	351,726	-	-	-	351,726
Municipal Aid Program 2017- Clifton Ave	-	315,858	-	-	315,858
Runway End Identifier Lights	18,691	-	-	-	18,691
Recycling Tonnage Grant	-	131,799	131,799	-	-
Safe & Secure Communities Program	20,000	60,000	60,000	-	20,000
Small Business Development	51,193	-	-	51,193	-
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
Urban Enterprise Zone:					
Acquisition of 228 Main Street	35,299	-	-	35,299	-
Administrative Grant - 2015	233,452	-	-	233,452	-
Administrative Grant - 2016	243,974	-	2,496	-	241,478
Administrative Grant - 2017	-	267,000	82,186	-	184,814
Business Attraction Initiative	2,261	-	-	2,261	-

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

GRANT	BALANCE DECEMBER 31, 2016	2017 ANTICIPATED REVENUE	CASH RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2017
State (continued):					
Urban Enterprise Zone (continued):					
Business Attraction Initiative - IV	-	-	-	-	-
Business Attraction Initiative - V	3,276	-	-	3,276	-
Business Attraction Initiative - VI	74,297	-	69,999	-	4,298
Business Attraction Initiative - VII	-	100,000	-	-	100,000
Co-op Advertising Program- Pilot Project	14,588	-	-	14,588	-
Franklin Street Redevelopment Area					
Appraisals & Evaluations	31,537	-	377	-	31,160
Lakewood Transit Connect - 2012	4,728	-	-	4,728	-
Marketing & Public Relations - VI	92,195	-	-	-	92,195
Business to Business Networking Initiative II	5,341	-	-	5,341	-
Business to Business Networking Initiative III	50,175	-	40,188	-	9,987
Business to Business Networking Initiative IV	-	65,250	-	-	65,250
Strand Theater Year IV Capital Improvements	81,155	-	-	-	81,155
Strand Theater Capital Improvements &					
Renovations - Phase III	309,630	-	41,319	-	268,311
Wetlands Mitigation- State	681	-	-	681	-
Sub-Total State	7,414,330	1,073,585	668,075	460,013	7,359,827
Local:					
CJHIF - Wellness Grant Program	-	20,000	-	-	20,000
Sub-Total Local	-	20,000	-	-	20,000
Grand Total	\$ 14,281,880	\$ 2,214,466	\$ 1,998,448	\$ 900,006	\$ 13,597,892
Original Budget	\$	458,799			
Ch. 159 Budget Amendments		<u>1,755,667</u>			
	\$	<u><u>2,214,466</u></u>			

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

GRANT	BALANCE DECEMBER 31, 2016		TRANSFERS FROM 2017 BUDGET	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2017	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
Federal:							
Bulletproof Vest Partnership Grant - 2015	\$ -	\$ 7,064	\$ -	\$ 7,064	\$ -	\$ -	\$ -
Community Development Block Grant - 2008	-	51	-	-	-	-	51
Community Development Block Grant - 2009	-	132,669	-	-	-	-	132,669
Community Development Block Grant - 2010	-	2,764	-	-	-	-	2,764
Community Development Block Grant - 2011	82	5,774	-	-	-	82	5,774
Community Development Block Grant - 2012	8,589	18,483	-	5,797	-	5,351	15,924
Community Development Block Grant - 2013	10,700	59,670	-	29,370	-	-	41,000
Community Development Block Grant - 2014	7,995	23,683	-	-	-	-	24,918
Community Development Block Grant - 2015	1,496	200,910	-	95,008	-	13,536	93,862
Community Development Block Grant - 2016	3,500	1,097,332	-	737,534	-	66,345	296,953
Community Development Block Grant - 2017	-	-	1,100,065	80,122	-	34,907	985,036
Community Development Block Grant - Title I Assistance	-	35,848	-	-	-	-	35,848
Cops in Shops	-	-	1,516	1,516	-	-	-
Cops in Shops - Summer 2017	-	-	2,800	2,800	-	-	-
Drive Sober or Get Pulled Over	-	-	5,500	5,000	-	-	500
Distracted Driving Crackdown - 2017	-	-	11,000	11,000	-	-	-
Edward Byrne Memorial Justice Assistance Grant	-	28,508	-	13,037	6,427	-	9,044
Energy Efficiency Grant	-	72,860	-	-	-	-	72,860
Environmental Study Phase III- Federal	-	3,039	-	-	3,039	-	-
Fence Environmental- Federal	-	76,011	-	-	76,011	-	-
FEMA - Hazard Mitigation Grant	-	178,310	-	-	-	116,400	32,810
NJ Transit CIP Parking Lot Project	-	3,764,000	-	29,100	-	-	3,764,000
Perimeter Fence Phase II- Federal	-	294,434	-	-	294,434	-	-
USDOT Taxiway Construction-Phase I	7,097	-	-	4,001	-	3,096	-
USDOT Taxiway Construction-Phase II	-	79,494	-	72,233	-	-	7,261
USDOT Runway Obstruction Removal - Federal	8,821	2,023	-	-	10,844	-	-
USDOT FAA Lakewood Airport- Federal	-	50,747	-	-	50,747	-	-
USDOT FAA Lakewood Airport Runway- Federal	19,771	13,934	-	-	-	19,771	13,934
USDOT FAA Airport Land Acq Phase II	-	24,322	-	1,472	-	-	22,850
Sub-Total Federal	68,051	6,171,930	1,120,881	1,095,054	441,502	266,248	5,558,058
State:							
Alcohol Education & Rehabilitation	-	926	-	-	-	-	926
Alcohol Education & Rehabilitation - 2000	-	1,000	-	-	-	-	1,000
Alcohol Education & Rehabilitation - 2011	-	1,717	-	-	-	-	1,717
Alcohol Education & Rehabilitation - 2013	-	381	-	381	-	-	-
Alcohol Education & Rehabilitation - 2014	-	11,490	-	4,831	-	-	6,659

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

GRANT	BALANCE DECEMBER 31, 2016		TRANFERS FROM 2017 BUDGET	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2017	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
State (continued):							
Alcohol Education & Rehabilitation - 2016	-	7,675	-	3,923	-	300	3,452
Alcohol Education & Rehabilitation - 2017	-	-	7,335	-	-	-	7,335
Body Armor Replacement Grant	-	188	-	-	-	-	188
Body Armor Replacement Grant - 2016	-	10,605	-	9,656	-	-	949
Body Armor Replacement Grant - 2017	-	-	11,347	-	-	11,347	-
Clean Communities Program	-	315,306	114,996	89,376	-	-	340,926
Driving While Intoxicated	-	27,992	-	27,049	-	-	943
Drunk Driving Enforcement Fund - 2008	23,017	-	-	23,017	-	-	-
Drunk Driving Enforcement Fund - 2009	3,833	9,614	-	13,425	-	22	-
Drunk Driving Enforcement Fund - 2011	-	973	-	973	-	-	-
Drunk Driving Enforcement Fund - 2014	146	1	-	1	-	146	-
Emergency Assistance Grant	-	8,255	-	-	-	-	8,255
Environmental Study Phase III- State	-	459	-	-	459	-	-
Gypsy Moth Grant	-	23,829	-	-	-	-	23,829
Helipad- State	-	20	-	-	-	-	20
Municipal Stormwater Regulation Program	-	14,016	-	-	14,016	-	-
N.J. Transportation Trust Fund - 2001	-	27,636	-	-	27,636	-	-
State of New Jersey Department of Transportation	-	40,041	-	-	40,041	-	-
New Jersey Department of Transportation:							
Discretionary Aid - Raintree - Phase III	-	26,490	-	-	26,490	-	-
Fourth Street	-	12,453	-	-	12,453	-	-
Kettle Creek & Vine Street Access Project - Phase II	-	70,752	-	-	70,752	-	-
Municipal Aide Program 2010	-	521	-	-	-	-	521
Municipal Aide Program 2011	6,012	196,084	-	-	-	1,258	200,838
Municipal Aide Program 2012	7,562	6,613	-	-	-	-	14,175
Municipal Aide Program 2013	9,715	4,172	-	-	-	-	13,887
Municipal Aide Program 2014	7,310	35,760	-	641	-	6,669	35,760
Municipal Aide Program 2015	-	351,726	-	14,536	-	32,577	304,613
Municipal Aide Program 2016	-	351,726	-	15,917	-	54,383	281,426
Municipal Aide Program 2017	-	-	315,858	12,267	-	50,901	252,690
Highway Safety Fund	-	10,884	-	-	-	-	10,884
Highway Safety Fund 2013	-	3,820	-	-	-	-	3,820
Highway Safety Fund 2015	-	37,851	-	7,237	-	-	30,614
Jet Fuel Tank	-	17,800	-	-	-	-	17,800
Cedarbridge Corporate Campus	14,501	7,729	-	-	-	10,131	12,099
NJDOT Construct Taxiway to Runway 24 End State Share	-	30,237	-	-	-	-	30,237
NJ State Police - Emergency Management Grant	-	5,000	-	-	-	-	5,000
NJ Emergency Assistance Grant	-	5,000	-	-	-	-	5,000

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

GRANT	BALANCE DECEMBER 31, 2016		TRANSFERS FROM 2017 BUDGET	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2017	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
State (continued):							
Perimeter Fence Phase II- State	-	7,764	-	-	7,764	-	-
Recycling Mini-Grant - Ocean County	-	4,132	-	-	-	-	4,132
Recycling Tonnage Grant	-	261,121	131,799	109,591	-	39,395	243,934
USDOT Runway End Identifier Lighis- State	-	16,082	-	-	-	-	16,082
Safe & Secure Communities Programs - State 2016	-	18,301	-	-	-	-	18,301
Safe & Secure Communities Programs - State 2017	-	-	60,000	59,638	-	-	362
Self Service Fuel Tank- State	-	5,694	-	-	-	-	5,694
Seal Coating/Winsock- State	-	250,468	-	-	-	-	250,468
Small Business Development	-	51,193	-	-	51,193	-	-
State Homeland Security	-	5,000	-	-	-	-	5,000
State Forestry Serv.-Community Forestry	-	3,000	-	-	-	-	3,000
State of NJ - No Net Loss Reforestation	-	-	-	-	-	-	-
Project Grant FS14-013	-	3,729,300	-	135,613	-	6,750	3,586,937
State of NJ - No Net Loss Reforestation	-	-	-	-	-	-	-
Project Grant FS14-060	-	972,000	-	-	-	-	972,000
Urban Enterprise Zone:							
Acquisition of 228 Main Street	-	35,298	-	-	35,298	-	-
Administrative Budget 2015	-	233,455	-	-	233,455	-	-
Administrative Budget 2016	39	242,156	-	1,566	-	-	240,629
Administrative Budget 2017	-	-	267,000	82,186	-	966	183,848
Business Attraction Initiative	-	2,262	-	-	2,262	-	-
Business Attraction Initiative V	-	3,276	-	-	3,276	-	-
Business Attraction Initiative VI	-	3,350	-	69,999	-	-	-
Business Attraction Initiative VII	70,948	-	100,000	-	-	96,650	4,299
Business to Business Networking II	-	5,341	-	-	5,341	-	3,350
Business to Business Networking III	50,175	-	-	40,188	-	-	-
Business to Business Networking IV	-	-	65,250	-	-	65,250	9,987
Co-op Advertising Program- Pilot Project	1,919	12,669	-	-	-	-	-
Franklin Street Redevelopment Area	-	-	-	-	14,588	-	-
Appraisals & Evaluations	-	31,538	-	377	-	-	31,161
Lakewood Transit Connect II	-	4,728	-	-	4,728	-	-
Marketing & Public Relations - 2008	-	103,104	-	-	-	-	103,104
Strand Theater - Capital Improvements	6,143	384,640	-	41,319	-	7,107	342,357
USDOT FAA Lakewood Airport- State	-	2,470	-	-	2,470	-	-
Sub-Total State	201,320	8,065,084	1,073,585	763,707	552,222	383,852	7,640,208

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

GRANT	BALANCE DECEMBER 31, 2016		TRANSFERS FROM 2017 BUDGET	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2017	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
Local:							
Fence Environmental- Local	-	4,342	-	-	4,342	-	-
Helipad- Local	-	1	-	-	-	-	1
NJDOT Construct Taxiway to Runway 24 End Local Share	-	30,237	-	-	-	-	30,237
Perimeter Fence Phase II- Local	-	7,763	-	-	7,763	-	-
Police ITM Incorruptible Word - Donation	1,000	-	-	1,000	-	-	-
USDOT Runway End Identifier Lights- Local	-	757	-	-	-	-	757
Safe & Secure Communities Programs - Local 2015	-	78,580	-	-	78,580	-	-
Safe & Secure Communities Programs - Local 2016	-	102,239	-	50,850	-	-	51,389
Safe & Secure Communities Programs - Local 2017	-	-	281,698	132,591	-	-	149,107
CJHIF Wellness Grant - Local	-	-	20,000	1,008	-	-	18,992
Self Service Fuel Tank- Local	-	300	-	-	-	-	300
Seal Coating/Winsock- Local	-	13,182	-	-	-	-	13,182
Sub-Total Local	1,000	237,401	301,698	185,449	90,685	-	263,965
Total	\$ 270,371	\$ 14,474,415	\$ 2,496,164	\$ 2,044,210	\$ 1,084,409	\$ 650,100	\$ 13,462,231

Original Budget	\$ 740,497
Ch. 159 Budget Amendments	1,755,667
	<u>\$ 2,496,164</u>

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

GRANT	BALANCE DECEMBER 31, 2016	FUNDING RECEIVED	BALANCE DECEMBER 31, 2017
Recycling Tonnage Grant	\$ -	\$ 111,146	\$ 111,146
Total	\$ -	\$ 111,146	\$ 111,146

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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, 2017**

	<u>GRANT TRUST FUND</u>	<u>GENERAL TRUST FUND</u>
Balance December 31, 2016	\$ 200,024	\$ 10,380,484
Increased by Receipts:		
Investment Earnings	\$ 1,125	\$ -
Various Reserves	<u>-</u>	<u>14,159,669</u>
Total Receipts	<u>1,125</u>	<u>14,159,669</u>
Subtotal	<u>201,149</u>	<u>24,540,153</u>
Decreased by Disbursements:		
Closure of Bank Accounts	-	162,615
Various Reserves	<u>-</u>	<u>11,737,547</u>
Total Disbursements	<u>-</u>	<u>11,900,162</u>
Balance December 31, 2017	<u><u>\$ 201,149</u></u>	<u><u>\$ 12,639,991</u></u>

EXHIBIT B-2

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 512,561
Increased by:	
Net Interest Earnings	<u>2,156</u>
Subtotal	514,717
Decreased by:	
Drawdowns	<u>8,672</u>
Balance December 31, 2017	<u><u>\$ 506,045</u></u>

EXHIBIT B-3

**ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 23,128
Increased by:	
Dog License Fees Collected	\$ 10,943
Miscellaneous Fees Collected	<u>480</u>
	11,423
Subtotal	34,551
Decreased by:	
Expenditures Under R.S. 4:19-15.11	3,802
Due to Current Fund	<u>7,633</u>
	11,435
Balance December 31, 2017	<u><u>\$ 23,116</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2016	\$ 11,328
2015	<u>11,788</u>
	<u><u>\$ 23,116</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
ANIMAL CONTROL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ 22,761
Increased by:		
Reserve for Animal Control Expenditures	\$ 11,423	
Due to State of New Jersey	1,948	13,371
		<hr/>
Subtotal		36,132
Decreased by:		
Reserve for Animal Control Expenditures	3,802	
Excess in Reserve	7,633	
Due to State of New Jersey	1,948	13,383
		<hr/>
Balance December 31, 2017		<u><u>\$ 22,749</u></u>

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY
ANIMAL CONTROL FEES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ 367
Increased by:		
Remitted to State of New Jersey		1,948
		<hr/>
Subtotal		2,315
Decreased by:		
State Fees		1,948
		<hr/>
Balance December 31, 2017		<u><u>\$ 367</u></u>

**TOWNSHIP OF LAKEWOOD
GRANT TRUST FUND
SCHEDULE OF RESERVE FOR REVOLVING LOAN GRANT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 200,024
Increased by:	
Interest Earned	<u>1,125</u>
Balance December 31, 2017	<u><u>\$ 201,149</u></u>

**GENERAL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 1,223,313
Increased by:	
Various Reserves	\$ 398,698
Closure of Lien Premium and Lien Redemption Bank Accounts	<u>162,615</u>
	561,313
Subtotal	1,784,626
Decreased by:	
Various Reserves	<u>202,583</u>
Balance December 31, 2017	<u><u>\$ 1,582,043</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Unemployment Compensation Insurance	\$ 81,762	\$ 250,877	\$ 41,054	\$ 291,585
Escrow Performance	3,666,014	2,399,731	1,267,293	4,798,452
Sanitary Landfill Escrow	512,562	2,156	8,672	506,046
Outside Off-Duty Police Employment	340,076	2,165,089	1,942,760	562,405
Redemption of Tax Sale Certificates	786,574	4,736,676	4,767,695	755,555
Premium at Tax Sale	2,813,195	2,453,625	1,409,980	3,856,840
Law Enforcement	334,223	49,604	57,587	326,240
Law Enforcement Confiscation	48,230	387	-	48,617
Planning & Zoning Fees	974,519	1,104,982	1,094,204	985,297
Inspection Fees	1,303,053	881,832	941,824	1,243,061
Street Opening Permits	249,452	116,866	216,150	150,168
Parking Offenses Adjudication Act	3,851	248	776	3,323
Public Defender	5,676	21,515	11,983	15,208
Accumulated Absences	230,218	350,000	184,131	396,087
Snow Removal	2,442	-	-	2,442
Recreation	3,123	9,460	3,863	8,720
Pine Park Deposits	201,570	17,475	200	218,845
Garbage Pail Deposits	559,818	-	630	559,188
	<hr/>			
Total	\$ 12,116,358	\$ 14,560,523	\$ 11,948,802	\$ 14,728,079

Interfund - Current Fund	\$ 398,698
Cash Receipts	<u>14,161,825</u>
Total	<u><u>\$ 14,560,523</u></u>

Interfund - Current Fund	\$ 202,583
Cash Disbursed	<u>11,746,219</u>
Total	<u><u>\$ 11,948,802</u></u>

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GENERAL CAPITAL FUND

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**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	1,466,980
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	\$	500,000	
Bond Anticipation Notes		22,350,000	
Bond Proceeds		13,850,000	
Premium on Bond Anticipation Notes		170,750	
Premium on Bond Sale		5,706	
Deferred Charges Raised in Budget		140,403	
Due to Current Fund		167,477	37,184,336
Subtotal			38,651,316
Decreased by Disbursements:			
Improvement Authorizations	\$	5,099,717	
Payment of Bond Anticipation Notes		25,795,555	
Anticipated as General Fund Revenue		100,000	
Transferred to Current Fund		24,922	31,020,194
Balance December 31, 2017		\$	<u><u>7,631,122</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH, CASH
EQUIVALENTS & INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Fund Balance		\$	241,261
Capital Improvement Fund			144,476
Reserve for Capital Improvements			9,716
Reserve for Renewal & Replacements			101,356
Reserve for Interfund			142,555
Improvement Authorizations:			
Ordinance			
Number			
99-38/07-35	Various Capital Improvements		(1,557)
00-52/03-39	Various Capital Improvements		(24,758)
05-88	Various Capital Improvements		(45,519)
06-58/07-49	Various Capital Improvements		141,095
07-39	Various Capital Improvements		(24,241)
08-42	Various Capital Improvements		86,315
09-65	Various Capital Improvements		(12,758)
11-51	Police Department Improvements		464
12-60	Various Improvements		440,177
13-73	Various Improvements		(34,753)
14-17	911 Call Handling System Upgrades		6,171
14-70	Various Improvements		(68,880)
15-22	Improvements to Various roads & Sidewalks		837,164
15-63	Various Equipment LPD/EMS/DPW		(6,168)
17-04	Various Capital Improvements		5,699,006
Total		\$	<u>7,631,122</u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 32,140,000
Increased by:	
Issuance of General Obligation Bonds	<u>12,600,000</u>
Decreased by:	
Budget Appropriation to Pay Bonds	<u>3,620,000</u>
Balance December 31, 2017	<u><u>\$ 41,120,000</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2017**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2016	2017 AUTHORIZATIONS	BOND ANTICIPATION NOTES PAID	ISSUANCE OF BONDS	PAID BY BUDGET APPROPRIATION	AUTHORIZATIONS (CANCELLED)/ REAPPROPRIATED	BALANCE DECEMBER 31, 2017	ANALYSIS OF BALANCE DECEMBER 31, 2017			
										BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
99-38.07-35	Various Capital Improvements & Other Related Expenses	\$ 586,281	\$ -	\$ -	\$ -	\$ (85,984)	\$ (35,023)	\$ 465,274	\$ -	\$ 1,557	\$ -	\$ 463,717
00-52.03-39	Various Capital Improvements	158,501	-	10,000	100,000	-	(16,450)	32,051	-	24,758	-	7,293
01-33.05-103	Various Capital Improvements & Other Related Expenses	985	-	985	-	-	-	-	-	-	-	-
02-31	Various Capital Improvements	103,239	-	90,000	-	(13,239)	-	-	-	-	-	-
03-48	Various Capital Improvements	470,460	-	10,460	460,000	-	-	-	-	-	-	-
05-32	Construction of a New Public Works Facility & Related Expenses	4,400	-	-	-	(4,400)	-	-	-	-	-	-
05-88	Various Capital Improvements	385,879	-	-	-	(24,051)	(315,128)	46,700	-	46,640	-	60
06-58.07-49	Various Capital Improvements	1,070,986	-	-	-	-	-	1,070,986	-	-	-	1,070,986
07-39	Various Capital Improvements	423,626	-	35,000	190,000	-	-	198,626	-	24,241	-	174,385
08-42	Various Capital Improvements	1,533,831	-	145,000	1,372,000	-	-	16,831	-	-	-	16,831
09-65	Upgrade of Police Equipment	500,728	-	-	470,000	-	-	30,728	-	27,354	-	3,374
11-51	Police Department Improvements	204,750	-	30,100	174,000	-	-	650	-	-	-	650
12-60	Various Improvements	2,667,135	-	220,000	1,430,000	-	-	1,017,135	800,000	-	-	217,135
13-73	Various Improvements	1,320,397	-	270,400	628,000	-	-	421,997	-	35,438	-	386,559
14-17	911 Call Handling System Upgrades	172,900	-	172,500	-	-	-	400	-	-	-	400
14-63	Road Improvements - Oak Street Basic Road - Oak Street Basic Road	237,500	-	-	220,000	(12,729)	(4,771)	-	-	-	-	-
14-70	Various Improvements	2,114,734	-	-	2,009,000	-	-	105,734	-	104,286	-	1,448
15-22	Improvements to Various roads & Sidewalks	6,175,000	-	-	6,175,000	-	-	-	-	-	-	-
15-63	Various Equipment LPD/EMS/DPW	896,325	-	-	622,000	-	-	274,325	-	6,990	-	267,335
17-04	Various Capital Improvements	-	9,500,000	-	-	-	-	9,500,000	7,700,000	-	-	1,800,000
	Total	\$ 19,027,657	\$ 9,500,000	\$ 984,445	\$ 13,850,000	\$ (140,403)	\$ (371,372)	\$ 13,181,437	\$ 8,500,000	\$ 271,264	\$ -	\$ 4,410,173

Ordinances Overfunded:

01-33.05-103	\$ 126,015.00
03-48	16,540
	<u>\$ 1,127,000.00</u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 3,600
Decreased by:	
Cancelled Ord. Number 93-43 for Sidewalk & Curb Improvements	<u>3,600</u>
Balance December 31, 2017	<u><u>-</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2017 AUTHORIZATIONS				CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED	EXPENDED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2017				
		BALANCE DECEMBER 31, 2016		ENCUMBERED	FUNDED					UNFUNDED				
		ENCUMBERED	FUNDED											
99-38/07-35	Reconstruction of Various Streets Repaving of Sidewalks Along West County Line Road Culvert Improvements at Pine Street & Route 9 & Improvements in Cabinfield Area Surveying, Geotechnical & Hydraulic Analysis & General Engineering Studies Along with Physical Improvements to the Forest Drive Dam Acquisition of Equipment & Various Public Improvements	\$	-	\$	3,686	\$	-	\$	3,686	\$	-	\$	-	-
			-	-	29,592		-	-	29,592		-	-	-	-
			-	8,477		326,989		-	-		-	-	-	335,466
		38,411	-		90,782		-	942	-		-	-	128,251	
		-	-	-	1,745		-	-	1,745		-	-	-	-
00-52/03-39	Reconstruction of Various Streets HVAC Renovations to Municipal Building Police Department Equipment & Building Improvements Public Works Equipment & Building Improvements Recreational Complex Site Work & Improvements		-		5,751		-	-	5,751		-	-	-	-
			-		7,293		-	-	-		-	-	7,293	
			-		1,086		-	-	1,086		-	-	-	-
			-		1,997		-	-	1,997		-	-	-	-
			-		7,616		-	-	7,616		-	-	-	-
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		-		94,071		-	-	94,071		-	-	-	-
		2,242	-		60		-	1,121	-		-	1,121	-	60
			-				-	-			-	-	-	
			-		23,562		-	-	23,562		-	-	-	
			-		191,863		-	-	191,863		-	-	-	
			-		5,632		-	-	5,632		-	-	-	
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	2,088	-		899,197		-	1,095	-		993	139,252	759,945	
			-				-	-			-	-	-	
			-		20,597		-	-	-		-	-	20,597	
		10,236	-		94,865		-	9,386	-		850	-	94,865	
			-		195,579		-	-	-		-	-	195,579	
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	16,797	-		131,905		-	-	-		-	-	148,702	
			-		1,340		-	-	-		-	-	1,340	
			-	865	16,698		-	-	-		-	-	17,563	
			-		-		-	-	-		-	-	-	
			-		6,780		-	-	-		-	-	6,780	
08-42	Various Road Improvements Acquisition of Computer Hardware/Software Upgrades for the Township General Office		-		97,471		-	-	-		-	86,315	11,156	
		865	-		4,810		-	-	-		-	-	5,675	

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2017 AUTHORIZATIONS									
		BALANCE DECEMBER 31, 2016		CAPITAL IMPROVEMENT FUND	TAXATION UNFUNDED	EXPENDED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2017		UNFUNDED	
		ENCUMBERED	FUNDED					ENCUMBERED	FUNDED		
09-65	Remounting of Ambulance Chassis Replacement of Public Works Equipment Upgrade of Police Equipment	- 9,611	- 11,153	- -	- -	- 6,168	- -	- 14,596	- -	3,374 -	3,374 -
11-51	Police Department Improvements	-	1,114	-	-	-	-	-	464	650	
12-60	Various Improvements	118,957	-	-	-	495,203	-	320,952	-	336,360	
13-73	Various Improvements	685	-	-	-	4,189	-	685	-	386,559	
14-17	911 Call Handling System Upgrades	1,721	-	-	-	8,772	-	1,721	4,450	400	
14-63	Road Improvements - Oak Street Basic Road	-	-	-	-	-	4,771	-	-	-	
14-70	Various Improvements	141,211	-	-	-	132,654	-	35,406	-	1,448	
15-22	Improvements to Various roads & Sidewalks	437,506	-	-	-	1,782,705	-	323,150	514,014	-	
15-63	Various Equipment LPD/EMS/DPW	155,915	-	-	-	156,488	-	822	-	267,335	
16-32	Purchase of Mounted Spray Patch Truck	-	866	-	-	-	866	-	-	-	
17-04	Various Capital Improvements	-	-	500,000	9,500,000	2,500,994	-	1,932,317	-	5,566,689	
Total		\$ 936,245	\$ 10,208	\$ 6,198,697	\$ 9,500,000	\$ 5,099,717	\$ 372,238	\$ 2,631,492	\$ 745,616	\$ 8,296,087	

Cash Disbursements \$ 5,099,717

Total \$ 5,099,717

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING	INTEREST RATE	BALANCE DECEMBER 31, 2016	PAID BY BUDGET APPROPRIATION	ISSUED	BALANCE DECEMBER 31, 2017
			DATE					
2009 Bond Issue	1/15/09	\$ 3,500,000	N/A	N/A	\$ 480,000	\$ 480,000	-	\$ -
General Improvements	11/01/07	9,800,000	N/A	N/A	500,000	500,000	-	-
General Improvements	11/06/08	21,800,000	11/1/2018	5.00%	1,940,000	970,000	-	970,000
General Improvements	7/31/12	7,705,000	1/15/2018 1/15/2019 1/15/2020	4.00% 4.00% 4.00%	2,990,000	705,000	-	2,285,000
Pension Obligation	7/31/12	955,000	4/1/2018 4/1/2019 4/1/2020 4/1/2021	2.70% 2.90% 3.25% 3.50%	625,000	125,000	-	500,000
General Improvement Bonds	3/1/2014	7,980,000	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% 2.25% 2.50% 3.00% 3.00% 3.00% 3.00%	7,230,000	705,000	-	6,525,000
Series 2014 Bonds	11/1/14	14,060,000	11/1/2018 11/1/2019 11/1/2020 11/1/2021 11/1/2022 11/1/2023 11/1/2024 11/1/2025 11/1/2026 11/1/2027 11/1/2028 11/1/2029 11/1/2030 11/1/2031	4.00% 4.00% 4.00% 2.00% 5.00% 2.25% 2.50% 5.00% 5.00% 5.00% 3.25% 3.25% 3.38% 3.38%	13,755,000	135,000	-	13,620,000

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2016	PAID BY BUDGET APPROPRIATION	ISSUED	BALANCE DECEMBER 31, 2017
			DATE	AMOUNT					
Series 2016 Bonds	3/23/16	4,690,000	11/1/2018	500,000	3.00%	4,620,000	-		4,620,000
			11/1/2019	495,000	3.00%				
			11/1/2020	485,000	4.00%				
			11/1/2021	485,000	4.00%				
			11/1/2022	485,000	3.00%				
			11/1/2023	480,000	4.00%				
			11/1/2024	475,000	4.00%				
			11/1/2025	475,000	4.00%				
			11/1/2026	470,000	4.00%				
11/1/2027	270,000	4.00%							
Series 2017 Bonds	11/14/17	12,600,000	11/1/2018	675,000	2.00%	-		12,600,000	12,600,000
			11/1/2019	675,000	2.00%				
			11/1/2020	675,000	2.00%				
			11/1/2021	1,290,000	4.00%				
			11/1/2022	1,295,000	4.00%				
			11/1/2023	1,295,000	4.00%				
			11/1/2024	1,295,000	4.00%				
			11/1/2025	1,350,000	4.00%				
			11/1/2026	1,350,000	4.00%				
			11/1/2027	1,350,000	4.00%				
			11/1/2028	1,350,000	4.00%				
			Total						

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Various	Various Capital Improvements	4/9/15	6,780,000	3/18/16	3/7/17	2.00%	\$ 6,280,000	\$ -	\$ 6,280,000	\$ -
Various	Various Capital Improvements	4/10/14	7,360,000	4/8/16	3/17/17	0.83%	4,950,000	-	4,950,000	-
Various	Various Capital Improvements	10/12/16	1,700,000	10/12/16	3/17/17	1.00%	1,700,000	-	1,700,000	-
Various	Various Capital Improvements	3/16/17	13,850,000	3/16/17	12/5/17	2.00%	-	13,850,000	13,850,000	-
Various	Various Capital Improvements	8/9/17	8,500,000	8/9/17	6/28/18	2.25%	-	8,500,000	-	8,500,000
Total							<u>\$ 12,930,000</u>	<u>\$ 22,350,000</u>	<u>\$ 26,780,000</u>	<u>\$ 8,500,000</u>
							Newly Issued BANs Renewed Bonds Issued Premiums used to Paydown BAN's Budget Appropriation Due to Current Fund			
							\$ 10,547,000	\$ 11,803,000	\$ 11,803,000	\$ -
							-	-	12,600,000	-
							-	-	1,250,000	-
							-	-	984,445	-
							-	-	142,555	-
							<u>\$ 22,350,000</u>	<u>\$ 26,780,000</u>	<u>\$ 26,780,000</u>	<u>\$ 8,500,000</u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	143,610
Increased by:			
Budget Appropriation	\$	500,000	
Cancellation of Funded Improvement Authorization		866	500,866
			<hr/>
Subtotal			644,476
Decreased by:			
Appropriated to Finance Improvement Authorizations			500,000
			<hr/>
Balance December 31, 2017		\$	<u><u>144,476</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR IMPROVEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2017 & 2016	\$	9,716
		9,716

**SCHEDULE OF RESERVE FOR RENEWAL AND REPLACEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2017 & 2016	\$	101,356
		101,356

**SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$	-
Increased by:		
Interest	\$	24,922
Return of Overbudgeted Bond Anticipation Notes		142,555
		167,477
Subtotal		167,477
Decreased by:		
Interest to Current		24,922
		24,922
Balance December 31, 2017	\$	142,555
		142,555

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR 2016 REFUNDING BONDS COST OF ISSUANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 7,657
Decreased by:	
Closed to Fund Balance	<u>7,657</u>
Balance December 31, 2017	<u><u>\$ -</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2017**

ORDINANCE NUMBER/DATE	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2016	2017 AUTHORIZATIONS	PAID BY BUDGET APPROPRIATIONS	BOND ANTICIPATION NOTES ISSUED	ORDINANCES CANCELLED	BALANCE DECEMBER 31, 2017
99-38/07-35	Various Capital Improvements	\$ 586,281	\$ -	\$ 85,984	-	\$ 35,023	\$ 465,274
00-52	Various Capital Improvements	48,501	-	-	-	16,450	32,051
02-31	Various Capital Improvements	13,239	-	13,239	-	-	-
05-32	Various Capital Improvements	4,400	-	4,400	-	-	-
05-88	Various Capital Improvements	385,879	-	24,051	-	315,128	46,700
06-58/07-49/08-40	Various Capital Improvements	1,070,986	-	-	-	-	1,070,986
07-39	Various Capital Improvements	198,626	-	-	-	-	198,626
08-42	Various Capital Improvements	16,831	-	-	-	-	16,831
09-65	Various Capital Improvements	30,728	-	-	-	-	30,728
11-51	Police Department Improvements	650	-	-	-	-	650
12-60	Various Capital Improvements	1,317,135	-	-	1,100,000	-	217,135
13-73	Various Capital Improvements	421,997	-	-	-	-	421,997
14-17	Upgrades to 911 Handling System	400	-	-	-	-	400
14-63	Construction of Basin and Road Improvements-Oak Street	17,500	-	12,729	-	4,771	-
14-70	Various Capital Improvements	105,734	-	-	-	-	105,734
15-22	Improvements to Various Roads & Sidewalks	1,575,000	-	-	1,575,000	-	-
15-63	Various Equipment LPD/EMS/DPW	446,325	-	-	172,000	-	274,325
17-04	Various Capital Improvements	-	9,500,000	-	7,700,000	-	1,800,000
Total		\$ 6,240,212	\$ 9,500,000	\$ 140,403	\$ 10,547,000	\$ 371,372	\$ 4,681,437

PAYROLL FUND

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**TOWNSHIP OF LAKEWOOD
PAYROLL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	567,741
Increased by Receipts:			
Payroll Reserve	\$	37,494	
Due to Various Agencies		<u>18,764,725</u>	
			<u>18,802,219</u>
Subtotal			19,369,960
Decreased by Disbursements:			
Payroll Reserve	\$	232,774	
Due to Various Agencies		<u>18,703,917</u>	
			<u>18,936,691</u>
Balance December 31, 2017		\$	<u><u>433,269</u></u>

**ANALYSIS OF PAYROLL CASH
FOR THE YEAR ENDED DECEMBER 31, 2017**

	BALANCE DECEMBER 31, 2016	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2017
Payroll Reserve	\$ 232,774	\$ 37,494	\$ 232,774	\$ 37,494
Due to Various Agencies	<u>334,967</u>	<u>18,764,725</u>	<u>18,703,917</u>	<u>395,775</u>
Total	<u>\$ 567,741</u>	<u>\$ 18,802,219</u>	<u>\$ 18,936,691</u>	<u>\$ 433,269</u>

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GENERAL FIXED ASSET ACCOUNT GROUP
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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, 2017

	BALANCE DECEMBER 31, 2016			BALANCE DECEMBER 31, 2017		
		ADDITIONS	DELETIONS			
General Fixed Assets:						
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500		
Buildings	25,225,305	-	-	25,225,305		
Furniture & Fixtures, Equipment & Vehicles	17,309,103	1,546,838	190,977	18,664,964		
Total	\$ 49,523,908	\$ 1,546,838	\$ 190,977	\$ 50,879,769		

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TOWNSHIP OF LAKEWOOD

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED DECEMBER 31, 2017

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Lakewood's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Township's major federal and state programs for the year ended December 31, 2017. The Township's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Township of Lakewood complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
June 22, 2018

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TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Program Expenditures	Passed to Subrecipient
<u>U.S. Department of Housing and Urban Development</u>				
Passed-Through County of Ocean:				
CDBG - Entitlement Grants Cluster:				
CDBG Entitlement Grant - 2012	14.218	N/A	\$ 5,797	\$ -
CDBG Entitlement Grant - 2013	14.218	N/A	29,370	-
CDBG Entitlement Grant - 2015	14.218	N/A	95,008	-
CDBG Entitlement Grant - 2016	14.218	N/A	737,534	178,339
CDBG Entitlement Grant - 2017	14.218	N/A	80,122	10,000
Total CDBG - Entitlement Grants Cluster			<u>947,831</u>	<u>188,339</u>
Total U.S. Department of Housing and Urban Development			<u>947,831</u>	<u>188,339</u>
<u>U.S. Department of Justice</u>				
Passed-Through New Jersey Department of Law and Public Safety:				
Public Safety Partnership and Community Policing				
Grant - Bulletproof Vest Partnership	16.710	N/A	7,064	-
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	13,037	-
Total U.S. Department of Justice			<u>20,101</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Airport Improvement Program	20.106	N/A	77,706	-
Passed-Through New Jersey Department of Law and Public Safety:				
Highway Safety Cluster:				
National Priority Safety Programs:				
Cops in Shops	20.616	100-066-1400-023(025)	4,316	-
Drive Sober or Get Pulled Over	20.616	100-066-1160-155	5,000	-
Distracted Driving Crackdown	20.616	100-066-1160-157(158)	11,000	-
Total Highway Safety Cluster			<u>20,316</u>	<u>-</u>
Total U.S. Department of Transportation			<u>98,022</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed-Through New Jersey Department of Law and Public Safety:				
Hazard Mitigation Grant (HMGP)	97.039	N/A	29,100	-
Total U.S. Department of Homeland Security			<u>29,100</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,095,054</u>	<u>\$ 188,339</u>

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

TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Account Number</u>	<u>Grant Period</u>	<u>Program Expenditures</u>	<u>Passed-Through to Subrecipient</u>	<u>Cumulative Expenditures</u>
<u>New Jersey Department of Transportation</u>					
New Jersey Transportation Trust Fund Act:					
Municipal Aid Program	480-078-6320-ALW	Open	\$ 43,361	\$ -	\$ 250,290
Highway Safety Fund	100-078-6100-051	Open	7,237	-	266,225
Total New Jersey Department of Transportation			50,598	-	516,515
<u>New Jersey Department of Environmental Protection and Energy</u>					
Clean Communities Act	765-042-4900-004	Various	89,376	-	177,333
Recycling Tonnage Grant	100-042-4910-224	Various	109,591	-	215,789
No Net Loss Reforestation Project Grant	FS14-013	Various	135,613	-	170,113
Total New Jersey Department of Environmental Protection and Energy			334,580	-	563,235
<u>New Jersey Department of Law and Public Safety</u>					
Body Armor Grant	718-066-1020-001	Various	9,656	-	45,129
Drunk Driving Enforcement Fund	100-078-6400-xxx	Open	37,416	-	126,619
Driving While Intoxicated	2006 & 0208	Various	27,049	-	40,405
Safe & Secure Communities	00-066-1020-232	Various	59,638	-	161,337
Total New Jersey Department of Law and Public Safety			133,759	-	373,490
<u>New Jersey Department of Health and Human Services</u>					
Alcohol, Education & Rehabilitation Grant	760-046-4240-001	Various	9,135	-	19,413
Total New Jersey Department of Health and Human Services			9,135	-	19,413
<u>New Jersey Department of Commerce & Economic Development</u>					
Urban Enterprise Zone Assistance Fund:					
Administrative Budget	763-020-2830-034	Various	83,752	-	266,002
Business Attraction Initiative	763-020-2830-034	Various	69,999	-	192,425
Buisness to Business Networking Initiative	763-020-2830-034	Various	40,188	-	115,672
Franklin St. Redevelopment Area Acquisition	763-020-2830-034	Various	377	-	68,839
Strand Theatre	763-020-2830-034	Various	41,319	-	650,535
Total Urban Enterprise Zone Assistance Fund			235,635	-	1,293,473
Total New Jersey Department of Commerce & Economic Development			235,635	-	1,293,473
Total Expenditures of State Financial Assistance			\$ 763,707	\$ -	\$ 2,766,126

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

TOWNSHIP OF LAKEWOOD
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

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

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

Note 3. Relationship to Basic Financial Statements

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

TOWNSHIP OF LAKEWOOD
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3. Relationship to Basic Financial Statements (continued)

	State	Federal	Total
State & Federal Grant Fund	\$ 763,707	\$ 1,095,054	\$ 1,858,761
Total	<u>\$ 763,707</u>	<u>\$ 1,095,054</u>	<u>\$ 1,858,761</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Township had no loan balances outstanding at December 31, 2017.

Note 6. Contingencies

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

Note 7. Major Programs

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

**TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

Section I - Summary of Auditor's Results (continued)

**TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section II – Financial Statement Findings

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

None.

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None

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**TOWNSHIP OF LAKEWOOD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

FEDERAL AWARDS

No Prior Year Findings.

STATE FINANCIAL ASSISTANCE

No Prior Year Findings.

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TOWNSHIP OF LAKEWOOD

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

<u>Name</u>	<u>Title</u>
Raymond Coles	Mayor
Menashe P. Miller	Deputy Mayor
Albert D. Akerman	Councilmember
Meir Lichtenstein	Councilmember
Michael J. D'Elia	Councilmember
Thomas Henshaw	Township Manager
William Rieker	Treasurer, Chief Financial Officer
Kathryn Hutchinson	Municipal Clerk
Effie Pressley	Tax Collector, Tax Search Officer
Scott J. Basen	Magistrate
Sheila Wilson	Court Administrator
Steven Secare	Township Attorney
Remington Vernick & Vena	Township Engineer

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

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

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2017.

GENERAL COMMENTS:

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

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2017.

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

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

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Medford, New Jersey
June 22, 2018