

TOWNSHIP OF LAKEWOOD

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2018**

**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, 2018**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Lakewood as of December 31, 2018 and 2017, 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, 2018 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended December 31, 2018 the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 6, 2019 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
August 6, 2019

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Lakewood, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 6, 2019. 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
August 6, 2019

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

ASSETS	REFERENCE	2018	2017
Regular Fund:			
Cash & Cash Equivalents	A-4	\$ 44,823,564	\$ 52,602,473
Cash - Change Fund	A	1,515	1,415
Due from State of New Jersey	A-10	114,011	112,377
Total Regular Fund		44,939,090	52,716,265
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	6,001,333	5,466,225
Tax Title Liens Receivable	A-7	568,020	595,619
Abatement Receivable	A-8	26,015	26,015
Property Acquired for Taxes	A-9	49,159,600	50,008,900
Revenue Accounts Receivable	A-11	268,972	391,955
Due from Federal & State Grant Fund	A-25	1,228,464	-
Due from Capital Fund	A-25	-	142,555
Total Receivable & Other Assets With Full Reserves		57,252,404	56,631,269
Deferred Charges:			
Emergency Appropriation:			
Local School District	A-13	-	1,100,000
Special Emergency Authorizations	A-12	550,000	825,000
Total Deferred Charges		550,000	1,925,000
Total		102,741,494	111,272,534
Federal & State Grants:			
Due from Current Fund	A-27	-	625,585
Federal & State Grants Receivable	A-28	12,205,239	13,597,892
Total Federal & State Grants		12,205,239	14,223,477
Total Assets		\$ 114,946,733	\$ 125,496,011

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, 2018 AND 2017**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2018	2017
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 5,594,332	\$ 7,563,450
Reserve for Encumbrances	A-3	2,843,900	1,863,507
Accounts Payable	A-15	555,661	266,484
Prepaid Taxes	A-16	1,557,831	6,926,493
Tax Overpayments	A-17	3,251,094	3,091,568
County Taxes Payable	A-18	727,022	702,172
Due to State of New Jersey	A-22	40,932	64,525
Interfunds Payable	A-25	1,642,456	2,230,377
Deposits on Sale of Property	A-23	26,500	365,100
Due to Lakewood Housing	A-24	42	42
Special Emergency Notes Payable	A-26	550,000	825,000
Prepaid Tax Abatements	A	9,854	2,266
Various Reserves	A-21	3,364,290	3,456,602
Total Liabilities		20,163,914	27,357,586
Reserves for Receivables & Other Assets	A	57,252,404	56,631,269
Fund Balance	A-1	25,325,176	27,283,679
Total Regular Fund		102,741,494	111,272,534
State & Federal Grants:			
Due to Current Fund	A-27	1,228,464	-
Reserve for State & Federal Grants:			
Encumbered	A-29	1,484,787	650,100
Reserved	A-29	9,491,988	13,462,231
Unappropriated Reserves	A-30	-	111,146
Total State & Federal Grants		12,205,239	14,223,477
Total Liabilities, Reserves & Fund Balance		\$ 114,946,733	\$ 125,496,011

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, 2018 AND 2017

	2018	2017
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 19,197,668	\$ 14,984,240
Miscellaneous Revenue Anticipated	16,393,369	15,722,634
Receipts from Delinquent Taxes	5,239,117	4,679,893
Receipts from Current Taxes	204,376,133	196,086,276
Nonbudget Revenues	7,691,085	3,447,547
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	5,075,449	3,881,061
Cancellation of Grant Appropriated Reserve	984,155	1,084,409
Cancellation of Accounts Payable	43,645	35,019
Interfunds Returned	149,545	7,633
Total	259,150,166	239,928,712
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	32,965,903	31,046,009
Other Expenses	33,362,775	30,799,880
Deferred Charges & Statutory Expenditures	6,736,907	6,322,586
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	3,748,560	2,705,367
Capital Improvements	2,754,800	4,789,000
Municipal Debt Service	6,272,275	6,083,874
Deferred Charges	1,469,013	1,515,403
Transfer to Board of Education for Use of Local Schools	2,925,806	2,000,000
Local School District Taxes	100,009,269	97,114,646
County Taxes Payable	43,200,874	40,092,608
Fire District Taxes Payable	6,250,980	4,685,240
Cancellation of Grant Receivable Without Appropriation	952,334	900,006
Prior Year Senior Citizens' and Vets' Disallowed	33,041	23,893
Interfund Created	1,228,464	142,555
Total	241,911,001	228,221,067
Excess in Revenue	17,239,165	11,707,645
Expenditures Included Above which are by Statute		
Deferred Charges to Budgets of Succeeding Years	-	1,100,000
Statutory Excess to Fund Balance	17,239,165	12,807,645
Fund Balance January 1,	A 27,283,679	29,460,274
Total	44,522,844	42,267,919
Less: Amount of Fund Balance Utilized as Revenue	A-2 19,197,668	14,984,240
Fund Balance December 31,	A \$ 25,325,176	\$ 27,283,679

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, 2018**

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87		
Fund Balance Anticipated	\$ 19,197,668	\$ -	\$ 19,197,668	\$ -
Miscellaneous Revenues Anticipated:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	81,000	-	90,700	9,700
Other	116,000	-	133,326	17,326
Fees & Permits:				
Uniform Construction Code	1,900,000	-	2,790,101	890,101
Other	580,000	-	555,467	(24,533)
Fines & Costs - Municipal Court	675,000	-	714,984	39,984
Interest & Costs on Taxes	820,000	-	1,124,322	304,322
Police Identification Fees	15,000	-	24,681	9,681
Payment in Lieu of Taxes:				
Sons of Israel	75,000	-	97,406	22,406
Consolidated Municipal Property Tax Relief	231,294	-	231,294	-
Energy Receipts Tax	4,926,313	-	4,926,313	-
Tax Abatement Program Revenues	130,000	-	446,947	316,947
Emergency Medical Services	920,000	-	983,852	63,852
Recycling Revenues from County	80,000	-	25,374	(54,626)
General Capital Fund Balance	130,000	-	130,000	-
Municipal Hotel & Occupancy Tax	125,000	-	148,820	23,820
Police Off-Duty Funds	290,000	-	474,264	184,264
Cell Tower Lease	90,000	-	95,588	5,588
Cable TV Franchise Fees	164,344	-	164,344	-
Subtotal Local Revenues	11,348,951	-	13,157,783	1,808,832
Federal, State & Local Grants:				
Alcohol Education/Rehabilitation Grant	-	5,712	5,712	-
Clean Communities Program	-	111,319	111,319	-
CJHIF - 2018 Wellness Grant Program	-	15,000	15,000	-
Community Development Block Grant - #B-18-MC-34-0128	-	1,241,002	1,241,002	-
Drunk Driving Enforcement Fund	-	63,352	63,352	-
NJDOT - 2018 Municipal Aid Program	923,625	-	923,625	-
NJDOT Obstruction Tree Removal	120,510	-	120,510	-
Recycling Tonnage Grant	111,146	-	111,146	-
Safe & Secure Communities Program	60,000	-	60,000	-
Urban Enterprise Zone:				
Basic Business Tools Training	-	60,000	60,000	-
Business Attraction Initiative 8	-	100,000	100,000	-
Business to Business Networking - Year 5	-	65,500	65,500	-
Management and Administration Grant - 2018	325,000	-	325,000	-
USDOT Acquire Land for Approaches - Runway 6	-	33,420	33,420	-
Total Miscellaneous Revenue	12,889,232	1,695,305	16,393,369	1,808,832
Receipts From Delinquent Taxes	4,300,000	-	5,239,117	939,117
Amount to be Raised by Taxes	58,464,050	-	61,225,190	2,761,140
Nonbudget Revenues	-	-	7,691,085	7,691,085
Total	\$ 94,850,950	\$ 1,695,305	\$ 109,746,429	\$ 13,200,174

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, 2018**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collection	\$ 204,376,133
Net Revenue from Collections	204,376,133
Allocated to School, County & Fire District Taxes	<u>149,461,123</u>
Balance for Support of Municipal Budget Appropriations	54,915,010
Add: Reserve for Uncollected Taxes	<u>6,310,180</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 61,225,190</u>
Analysis of Delinquent Taxes:	
Tax Title Liens	\$ 137,240
Delinquent Taxes	<u>5,101,877</u>
Total Receipts From Delinquent Taxes	<u>\$ 5,239,117</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Interest on Investments & Deposits	\$ 706,210
Recycling	41,920
Lakewood Housing Authority - PILOT	37,812
Miscellaneous - Tax Collector	2,570
Cancel Outstanding Checks	18,597
Co-Gen Host Community Fees	155,359
Lakewood Board of Education - Fuel Usage Reimbursement	257,913
Lakewood MUA - Fuel Usage Reimbursement	11,508
Street Opening Fees	15,175
Crossing Guard Reimbursement	148
Airport Lease - Aviation Charter	4,000
EREZ Holding LLC - PILOT Payment	22,750
Congregation Spruce Street Inc - Lease	3,000
DMV Inspection Fines	200
Ocean County JIF Dividend	77,190
Verizon Franchise Fee	32,978
County of Ocean Code Blue Reimbursements	25,000
County of Ocean - DWI	6,475
Foreign Trade Zone Fees	13,640
Ocean County HIF Dividend	1,101,065
Ocean County Polling Places Fee	600
Other Copies	1,435
Copies Engineering	250
Property Maintenance	20,883
Congregation Ahavas Chesed	5,687
Senior & Veteran - State Admin Fees	8,467
Vehicle Wash reimbursement	585
DRE Police Call Out	3,575
QUAL-LYNX/Ocean Co. Mun JIF	125,049
Township Auction Proceeds	120,630
Lease of Property	21,800
Lakewood Fire Commissioners - Fuel Reimbursement	26,238
Vacation of Streets - Easements	5,175
Miscellaneous	156,701
Sale of Municipal Property	<u>4,135,600</u>
Total Cash Receipts	7,166,185
Sale of Municipal Property - Reserve for Land Sale Deposits Realized	<u>524,900</u>
Total Miscellaneous Revenue Not Anticipated	<u>\$ 7,691,085</u>

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
GENERAL GOVERNMENT FUNCTIONS:						
Administrative & Executive:						
Office of the Manager						
Salaries and Wages	\$ 495,364	\$ 495,364	\$ 464,621	\$ -	\$ 30,743	\$ -
Other Expenses	29,000	29,000	22,801	4,307	1,892	-
Governing Body:						
Salaries and Wages	175,000	175,000	169,563	-	5,437	-
Other Expenses	141,000	141,000	79,042	39,652	22,306	-
Department of Human Resources:						
Salaries and Wages	120,000	120,000	109,410	-	10,590	-
Other Expenses	48,750	48,750	11,667	2,863	34,220	-
Office of the Clerk:						
Salaries and Wages	330,000	330,000	306,298	-	23,702	-
Other Expenses	67,250	67,250	40,657	950	25,643	-
Purchasing Department:						
Salaries and Wages	141,488	142,788	142,738	-	50	-
Other Expenses	237,600	237,600	136,138	20,859	80,603	-
Municipal Support Services:						
Other Expenses	50,000	50,000	50,000	-	-	-
Financial Administration						
Salaries and Wages	405,635	405,635	373,835	-	31,800	-
Other Expenses	73,530	73,530	34,268	6,780	32,482	-
Audit Services:						
Other Expenses	70,000	70,000	-	-	70,000	-
Computer Center:						
Salaries and Wages	76,500	82,500	71,616	-	10,884	-
Other Expenses	300,000	300,000	223,147	66,712	10,141	-
Collection of Taxes:						
Salaries and Wages	293,819	293,819	283,652	-	10,167	-
Other Expenses	77,940	77,940	68,181	4,536	5,223	-
Assessment of Taxes:						
Salaries and Wages	418,000	428,000	427,498	-	502	-
Other Expenses	449,730	449,730	353,799	25,846	70,085	-
Liquidation of Tax Liens & Foreclosed Property:						
Other Expenses	20,500	20,500	5,994	371	14,135	-
Legal Services & Costs:						
Other Expenses	1,048,000	1,008,000	631,958	5,655	370,387	-
Engineering Services & Costs:						
Other Expenses	1,285,000	1,251,000	870,765	333,701	46,534	-
Department of Economic Development:						
Salaries and Wages	176,460	176,460	146,457	-	30,003	-
Other Expenses	18,000	18,000	1,855	54	16,091	-
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	-	-	-

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, 2018

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
LAND USE ADMINISTRATION:						
Planning Board:						
Other Expenses	66,000	66,000	44,974	2,365	18,661	-
Zoning Board:						
Other Expenses	72,700	72,700	26,152	4,672	41,876	-
PUBLIC SAFETY FUNCTIONS:						
Police:						
Salaries and Wages	19,329,007	19,273,207	18,831,327	-	441,880	-
Other Expenses	1,138,700	1,138,700	979,016	134,386	25,298	-
Emergency Management Services:						
Salaries and Wages	80,000	80,000	53,539	-	26,461	-
Other Expenses	72,200	72,200	23,167	42,026	7,007	-
Emergency Medical Technicians:						
Salaries and Wages	965,745	965,745	898,713	-	67,032	-
Other Expenses	127,891	127,891	72,368	40,925	14,598	-
Municipal Prosecutor:						
Other Expenses	83,000	83,000	61,798	800	20,402	-
PUBLIC WORKS FUNCTION:						
Road Repairs & Maintenance:						
Salaries and Wages	1,238,104	1,244,104	1,244,104	-	-	-
Other Expenses	514,000	519,000	319,841	108,913	90,246	-
Street Cleaning:						
Salaries and Wages	151,991	151,991	124,644	-	27,347	-
Other Expenses	28,000	28,000	12,650	3,029	12,321	-
Snow Removal	800,000	846,000	846,000	-	-	-
Department of Public Works:						
Salaries and Wages	795,464	813,464	812,156	-	1,308	-
Other Expenses	249,000	254,000	213,846	13,907	26,247	-
Shade Tree Commission:						
Salaries and Wages	77,704	77,704	74,378	-	3,326	-
Other Expenses	9,000	9,000	2,310	2,160	4,530	-
Cross Street Landfill Maintenance:						
Other Expenses	10,000	10,000	2,223	-	7,777	-
Garbage & Trash Removal:						
Salaries and Wages	1,652,438	1,632,438	1,583,822	-	48,616	-
Other Expenses	254,500	314,500	254,915	26,235	33,350	-
Recycling:						
Salaries and Wages	1,120,584	1,101,584	1,029,474	-	72,110	-
Other Expenses	104,200	139,200	102,054	22,931	14,215	-
Public Buildings & Grounds:						
Salaries and Wages	789,787	775,787	704,464	-	71,323	-
Other Expenses	283,500	283,500	206,226	69,262	8,012	-
Apartment Trash Reimbursements:						
Other Expenses	640,000	640,000	118,215	26,199	495,586	-
Automotive Mechanics:						
Salaries and Wages	755,792	789,792	789,792	-	-	-
Municipal Garage:						
Other Expenses	307,500	327,500	259,948	31,124	36,428	-
Community Services Act:						
Other Expenses	1,400,000	1,400,000	411,399	139,321	849,280	-

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, 2018

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
MUNICIPAL COURT FUNCTIONS:						
Municipal Court:						
Salaries and Wages	475,730	477,730	473,824	-	3,906	-
Other Expenses	120,050	126,550	120,101	2,786	3,663	-
Public Defender:						
Other Expenses	60,000	60,000	58,167	-	1,833	-
HEALTH & HUMAN SERVICES FUNCTIONS:						
Board of Health:						
Salaries and Wages	111,737	111,737	91,738	-	19,999	-
Other Expenses	1,700	1,700	1,102	-	598	-
Environmental Commission (N.J.S. 40:56-A-1, et seq.):						
Other Expenses	2,000	2,000	-	-	2,000	-
Animal Control						
Salaries and Wages	137,567	148,067	148,067	-	-	-
Other Expenses	72,000	72,000	58,655	5,250	8,095	-
Relocation Assistance Program						
Other Expenses	7,500	7,500	-	-	7,500	-
Senior & Social Services:						
Salaries and Wages	77,095	77,095	77,095	-	-	-
Other Expenses	298,000	298,000	273,502	21,425	3,073	-
Lakewood Search and Rescue (N.J.S.A. 40:5.2)	24,000	24,000	24,000	-	-	-
Lakewood Community Services Corporation (N.J.S.A. 40:23-8.17)	50,000	50,000	50,000	-	-	-
PARKS & RECREATION FUNCTIONS:						
Recreation:						
Salaries and Wages	224,756	217,256	142,387	-	74,869	-
Other Expenses	44,500	44,500	25,389	-	19,111	-
Community Center:						
Salaries and Wages	120,540	120,540	108,577	-	11,963	-
Other Expenses	27,650	27,650	5,157	2,696	19,797	-
Parks & Playgrounds:						
Salaries and Wages	974,867	986,867	985,629	-	1,238	-
Other Expenses	154,000	164,000	128,683	24,344	10,973	-
OTHER COMMON OPERATING FUNCTIONS:						
Accumulated Leave Compensation	300,000	300,000	300,000	-	-	-
Celebration of Public Events:						
Other Expenses	15,000	15,000	12,000	-	3,000	-
Transfer to Lakewood Airport Authority	90,000	90,000	33,904	6,067	50,029	-
Lakewood Public Transportation	400,000	303,000	44,014	5,428	253,558	-
CODE ENFORCEMENT & ADMINISTRATION:						
State Uniform Construction Code Officials:						
Salaries and Wages	1,592,468	1,592,468	1,487,672	-	104,796	-
Other Expenses	335,800	335,800	206,207	62,819	66,774	-
Property Maintenance Code:						
Salaries and Wages	52,316	52,316	52,315	-	1	-
INSURANCE:						
Liability Insurance	948,975	948,975	903,164	-	45,811	-
Workers Compensation Insurance	1,031,013	1,031,013	1,031,013	-	-	-
Group Insurance Plan for Employees	11,590,000	11,590,000	11,255,213	4,213	330,574	-
Health Insurance Waivers	300,000	300,000	287,123	-	12,877	-
Unemployment Insurance	-	-	-	-	-	-

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, 2018**

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
UTILITY EXPENSES & BULK PURCHASES:						
Electricity	443,700	443,700	365,841	35,913	41,946	-
Street Lighting	1,300,000	1,300,000	987,487	260,358	52,155	-
Telephone	204,000	204,000	134,888	10,626	58,486	-
Water	64,250	64,250	31,714	1,804	30,732	-
Natural Gas	138,700	138,700	71,933	-	66,767	-
Gasoline	1,167,900	1,167,900	1,044,598	53,530	69,772	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:						
Landfill Disposal Costs	3,659,441	3,659,441	3,259,441	250,000	150,000	-
Total Operations Within CAPS	66,318,678	66,318,678	59,440,075	1,927,800	4,950,803	-
Contingent	10,000	10,000	-	-	10,000	-
Total Operations Including Contingent Within "CAPS"	66,328,678	66,328,678	59,440,075	1,927,800	4,960,803	-
Detail:						
Salaries and Wages	33,158,863	32,965,903	31,876,443	-	1,089,460	-
Other Expenses	33,169,815	33,362,775	27,563,632	1,927,800	3,871,343	-
DEFERRED CHARGES & STATUTORY EXPENDITURES WITHIN CAPS:						
Statutory Expenditures:						
Contributions to Employees Retirement System	1,455,274	1,455,274	1,455,274	-	-	-
Social Security System (O.A.S.I.)	1,497,000	1,497,000	1,457,280	-	39,720	-
NJ Police & Fireman's Retirement System	3,769,833	3,769,833	3,769,833	-	-	-
Volunteer Firemen's Widow Pension R.S.43:12-28.2	4,800	4,800	4,800	-	-	-
Defined Contribution Retirement Program	10,000	10,000	8,053	766	1,181	-
Deferred Charges & Statutory Expenditures Within CAPS	6,736,907	6,736,907	6,695,240	766	40,901	-
Total Appropriations Within CAPS	73,065,585	73,065,585	66,135,315	1,928,566	5,001,704	-
OPERATIONS - EXCLUDED FROM CAPS						
Recycling Tax:						
Other Expenses	140,559	140,559	140,559	-	-	-
SMFP Fire District Payments	47,327	47,327	47,327	-	-	-
Total Operations Excluded from "CAPS"	187,886	187,886	187,886	-	-	-

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, 2018

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Public & Private Programs Offset by Revenues:						
Alcohol Education/Rehabilitation Grant	-	5,712	5,712	-	-	-
Clean Communities Program	-	111,319	111,319	-	-	-
CJHIF - 2018 Wellness Grant Program	-	15,000	15,000	-	-	-
Community Development Block Grant	-	1,241,002	1,241,002	-	-	-
Drunk Driving Enforcement Fund	-	63,352	63,352	-	-	-
NJDOT - Obstruction Tree Removal	120,510	120,510	120,510	-	-	-
NJDOT - Obstruction Tree Removal - Local	13,390	13,390	13,390	-	-	-
NJDOT - 2018 Municipal Aid Program	923,625	923,625	923,625	-	-	-
Safe & Secure Communities Program:						
State Share	60,000	60,000	60,000	-	-	-
Local Share	281,698	281,698	281,698	-	-	-
Recycling Tonnage Grant	111,146	111,146	111,146	-	-	-
Urban Enterprise Zone:						
Basic Business Tools Training	-	60,000	60,000	-	-	-
Business Attraction Initiative 8	-	100,000	100,000	-	-	-
Business to Business Networking - Year 5	-	65,500	65,500	-	-	-
Management and Administration Grant - 2018	325,000	325,000	325,000	-	-	-
USDOT Acquire Land for Approaches - Runway 6	-	33,420	33,420	-	-	-
Matching Funds for Grants	30,000	30,000	9,000	-	21,000	-
Total Public & Private Programs Offset by Revenues	1,865,369	3,560,674	3,539,674	-	21,000	-
Capital Improvements - Excluded from "CAPS":						
Capital Improvement Fund	400,000	400,000	400,000	-	-	-
Purchase of Two Ambulances	115,000	115,000	50,000	-	65,000	-
Refurbish/Replace Playground Equipment	500,000	500,000	201,063	264,828	34,109	-
Police Shooting Range and SWAT Facility Construction	189,000	189,000	-	58,900	130,100	-
Purchase Portable ADA Compliant Stage	115,500	115,500	-	-	115,500	-
Renovations to DPW Complex	59,200	59,200	24,100	30,664	4,436	-
Pine Park C Pavillion	72,100	72,100	70,874	-	1,226	-
Upgrade Comm/Comp Equip EMT	57,000	57,000	-	-	57,000	-
Update Police Boat & Water Rescue Equip	109,500	109,500	59,450	21,386	28,664	-
Renovate Municipal Court Office	97,000	97,000	-	-	97,000	-
Renovate Municipal Clerk Office	10,000	10,000	-	-	10,000	-
Purchase Two Recycle Trucks	450,000	450,000	-	449,906	94	-
Purchase DPW Vehicle with Plows	125,000	125,000	123,495	-	1,505	-
Purchases DPW Front Loader Containers	20,000	20,000	20,000	-	-	-
Purchase Garbage/Recycle Containers	187,000	187,000	174,966	-	12,034	-
Purchase Riding Mower	18,000	18,000	17,789	-	211	-
Police Department Renovations	94,500	94,500	62,802	17,336	14,362	-
Computer Software/Hardware Upgrades	136,000	136,000	63,299	72,314	387	-
Total Capital Improvements - Excluded from CAPS	2,754,800	2,754,800	1,267,838	915,334	571,628	-

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, 2018**

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Principal	3,875,000	3,875,000	3,875,000	-	-	-
Payment of Bond Anticipation Notes	800,000	800,000	800,000	-	-	-
Interest on Bonds	1,415,467	1,415,467	1,415,466	-	-	1
Interest on Notes	181,844	181,844	181,809	-	-	35
Total Municipal Debt Service - Excluded from CAPS	6,272,311	6,272,311	6,272,275	-	-	36
Deferred Charges - Excluded from "CAPS":						
Emergency Authorizations	1,100,000	1,100,000	1,100,000		-	-
Special Emergency Authorizations - 5 Years	275,000	275,000	275,000	-	-	-
Ordinance #99-38/07-35 - Various Capital Improvements	616	616	616	-	-	-
Ordinance #00-52 - Various Capital Improvements	24,758	24,758	24,758	-	-	-
Ordinance #07-39 - Various Capital Improvements	24,241	24,241	24,241	-	-	-
Ordinance #05-88 - Various Capital Improvements	44,398	44,398	44,398	-	-	-
Total Deferred Charges - Municipal - Excluded from CAPS:	1,469,013	1,469,013	1,469,013	-	-	-
Transferred to Board of Education for Use of Local Schools	2,925,806	2,925,806	2,925,806	-	-	-
Total General Appropriations Excluded from CAPS	15,475,185	17,170,490	15,662,492	915,334	592,628	36
Subtotal General Appropriations	88,540,770	90,236,075	81,797,807	2,843,900	5,594,332	36
Reserve For Uncollected Taxes	6,310,180	6,310,180	6,310,180	-	-	-
Total General Appropriations	<u>\$ 94,850,950</u>	<u>\$ 96,546,255</u>	<u>\$ 88,107,987</u>	<u>\$ 2,843,900</u>	<u>\$ 5,594,332</u>	<u>\$ 36</u>
Budget		\$ 94,850,950				
Emergency Authorizations		-				
Added by N.J.A. 40A:4-87		<u>1,695,305</u>				
Total		<u><u>\$ 96,546,255</u></u>				
Disbursements			\$ 78,629,593			
Refunds of Current Year Appropriations			(1,737,460)			
Appropriated Reserves for Federal & State Grants			3,530,674			
Reserve for Reassessment						
Deferred Charges			1,375,000			
Reserve for Uncollected Taxes			<u>6,310,180</u>			
Total			<u><u>\$ 88,107,987</u></u>			

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

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TOWNSHIP OF LAKEWOOD
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

ASSETS	REFERENCE	<u>2018</u>	<u>2017</u>
Animal Control Trust Fund:			
Due from State of New Jersey	B-5	\$ 316	\$ 367
Interfund - Current Fund	B-4	<u>22,435</u>	<u>22,749</u>
Total Animal Control Fund		<u>22,751</u>	<u>23,116</u>
Grant Trust Fund:			
Cash	B-1	<u>203,946</u>	<u>201,149</u>
General Trust Fund:			
Cash & Cash Equivalents	B-1	13,943,796	12,639,991
Investments	B-2	509,421	506,045
Interfund - Current Fund	B-7	<u>1,620,021</u>	<u>1,582,043</u>
Total General Trust Fund		<u>16,073,238</u>	<u>14,728,079</u>
Total Assets		<u><u>\$ 16,299,935</u></u>	<u><u>\$ 14,952,344</u></u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-3	<u>\$ 22,751</u>	<u>\$ 23,116</u>
Total Animal Control Fund		<u>22,751</u>	<u>23,116</u>
Grant Trust Fund:			
Reserve for Revolving Loan Grant	B-6	<u>203,946</u>	<u>201,149</u>
General Trust Fund:			
Various Reserves	B-8	<u>16,073,238</u>	<u>14,728,079</u>
Total General Trust Fund		<u>16,073,238</u>	<u>14,728,079</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 16,299,935</u></u>	<u><u>\$ 14,952,344</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, 2018 AND 2017**

ASSETS	REFERENCE	<u>2018</u>	<u>2017</u>
Cash & Cash Equivalents	C-2	\$ 9,276,129	\$ 7,631,122
Deferred Charges to Future Taxation:			
Funded	C-4	37,245,000	41,120,000
Unfunded	C-5	<u>18,164,187</u>	<u>13,181,437</u>
 Total Assets		 <u><u>\$ 64,685,316</u></u>	 <u><u>\$ 61,932,559</u></u>
 LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Encumbered	C-6	\$ 4,343,684	\$ 2,631,492
Funded	C-6	709,028	745,616
Unfunded	C-6	7,906,325	8,296,087
Serial Bonds	C-7	37,245,000	41,120,000
Bond Anticipation Notes	C-8	14,000,000	8,500,000
Capital Improvement Fund	C-9	144,476	144,476
Reserve for Improvements	C-10	9,716	9,716
Reserve for Renewal & Replacement	C-11	101,356	101,356
Due to Current Fund	C-12	-	142,555
Fund Balance	C-1	<u>225,731</u>	<u>241,261</u>
 Total Liabilities, Reserves & Fund Balance		 <u><u>\$ 64,685,316</u></u>	 <u><u>\$ 61,932,559</u></u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$ 4,164,187 and on December 31, 2017 was \$4,681,437.

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	241,261
Increased by:			
Premium on Bond Anticipation Notes	\$	113,620	
Cancellation of Funded Improvement Authorization		850	114,470
			<hr/>
Subtotal			355,731
Decreased by:			
Appropriated to Finance 2018 Budget Revenues			130,000
			<hr/>
Balance December 31, 2018		\$	<u><u>225,731</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, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	<u>\$ 536,446</u>	<u>\$ 433,269</u>
Total Assets	<u><u>\$ 536,446</u></u>	<u><u>\$ 433,269</u></u>
LIABILITIES & RESERVES		
Payroll Reserve	\$ 82,256	\$ 37,494
Due to Various Agencies	<u>454,190</u>	<u>395,775</u>
Total Liabilities & Reserves	<u><u>\$ 536,446</u></u>	<u><u>\$ 433,269</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, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
General Fixed Assets:		
Land	\$ 6,989,500	\$ 6,989,500
Buildings	25,225,305	25,225,305
Furniture & Fixtures, Equipment & Vehicles	<u>20,197,178</u>	<u>18,664,964</u>
 Total	 <u><u>\$ 52,411,983</u></u>	 <u><u>\$ 50,879,769</u></u>
FUND BALANCE		
 Total Investment in General Fixed Assets	 <u><u>\$ 52,411,983</u></u>	 <u><u>\$ 50,879,769</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, 2018**

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TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

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

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

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

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

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

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

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

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 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, 2018**

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, 2018

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.

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, 2018**

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 adopts 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 their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Township’s financial statements.

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2. Deposits and Investments (continued)

funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2018, the Township's bank balance of \$69,963,117 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 54,165,628
NJ Cash Management Fund	173
Uninsured and Uncollateralized	<u>15,797,316</u>
	<u><u>\$ 69,963,117</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, 2018 would be as followed:

	Carrying Value	Fair Value as of December 31, 2018 Level 1	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	6-10 Years
<u>Investment type</u>					
U.S. Treasury Securities	\$ 475,884	\$ 475,884	\$ 116,598	\$ 150,320	\$ 208,966
Money Markets	<u>33,537</u>	<u>33,537</u>	<u>33,537</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 509,421</u></u>	<u><u>\$ 509,421</u></u>	<u><u>\$ 150,135</u></u>	<u><u>\$ 150,320</u></u>	<u><u>\$ 208,966</u></u>
<u>Fund</u>					
Trust Fund - Other	<u>\$ 509,421</u>	<u>\$ 509,421</u>	<u>\$ 150,135</u>	<u>\$ 150,320</u>	<u>\$ 208,966</u>
	<u><u>\$ 509,421</u></u>	<u><u>\$ 509,421</u></u>	<u><u>\$ 150,135</u></u>	<u><u>\$ 150,320</u></u>	<u><u>\$ 208,966</u></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.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2. Deposits and Investments (continued)

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

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As of December 31, 2018, 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>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.098</u>	<u>\$ 2.052</u>	<u>\$ 2.930</u>
Apportionment of Tax Rate:			
Municipal	0.592	0.592	0.861
County General	0.430	0.407	0.550
Local School	1.012	1.004	1.449
Fire District	0.064	0.049	0.070

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 9,883,399,257
2017	9,677,307,895
2016	6,451,459,200

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	\$ 210,906,420	\$ 204,376,133	96.90%
2016	202,268,811	196,086,276	96.94%
2015	193,527,697	188,476,118	97.38%

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>
2018	\$ 568,020	\$ 6,001,333	\$ 6,569,353	3.11%
2017	595,619	5,466,225	6,061,844	3.00%
2016	1,167,793	4,652,656	5,820,449	3.01%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2018	176
2017	177
2016	190

The last tax sale was held on October 10, 2018.

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>
2018	\$ 49,159,600
2017	50,008,900
2016	50,008,900

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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:			
2018	\$ 25,325,176	\$ 19,000,745	75.03%
2017	27,283,679	19,197,668	70.36%
2016	29,460,274	14,984,240	50.86%

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, 2018:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 1,228,464	\$ 1,642,456
State and Federal Grant Fund	-	1,228,464
Animal Control Trust	22,435	-
Trust Other Fund	1,620,021	-
	<u>\$ 2,870,920</u>	<u>\$ 2,870,920</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	\$ 5,457,683	\$ 7,131,513
State and Federal Grant Fund	6,666,230	4,812,181
Animal Control Trust	13,119	12,805
Trust Other Fund	452,164	490,142
General Capital Fund	-	142,555
	<u>\$ 12,589,196</u>	<u>\$ 12,589,196</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Buildings and Improvements	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	18,664,964	1,532,214	-	20,197,178
	<u>\$ 50,879,769</u>	<u>\$ 1,532,214</u>	<u>\$ -</u>	<u>\$ 52,411,983</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 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 8. Pension Obligations (continued)

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

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 2018, 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, 2018, the Township's contractually required contribution to PERS plan was \$1,664,739.

Components of Net Pension Liability - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$32,953,294. The net pension liability was measured as of June 30, 2018. 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, 2017, which was rolled forward to June 30, 2018. 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, 2018. The Township's proportion measured as of June 30, 2018, was .1673648% which was an increase of .0189068883% from its proportion measured as of June 30, 2017.

**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, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 10,170,173	\$ 8,909,982
Deferred Inflows of Resources	11,119,205	7,098,843
Net Pension Liability	32,953,294	34,558,629
Township's portion of the Plan's total net pension Liability	0.16736%	0.14846%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2018, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$2,835,826. 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 \$1,664,739 to the plan in 2018.

At December 31, 2018, 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	\$ 628,424	\$ 169,918
Changes of Assumptions	5,430,157	10,536,711
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	309,103
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>4,111,592</u>	<u>103,473</u>
	<u>\$ 10,170,173</u>	<u>\$ 11,119,205</u>

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 8. Pension Obligations (continued)

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

	<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	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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,	Amount
2019	\$ 514,771
2020	328,462.00
2021	162,168.00
2022	(1,847,595.00)
2023	<u>(106,838.00)</u>
	<u>\$ (949,032)</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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 8. Pension Obligations (continued)

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 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, 2017 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, 2018) 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, 2018 are summarized in the following table:

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 8. Pension Obligations (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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, 2018**

Note 8. Pension Obligations (continued)

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (<u>4.66%</u>)	Current Discount Rate (<u>5.66%</u>)	1% Increase (<u>6.66%</u>)
Township's Proportionate Share of the Net Pension Liability	\$ 41,434,971	\$ 32,953,294	\$ 25,837,711

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

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 8. Pension Obligations (continued)

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, 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, 2018, the Township's contractually required contributions to PFRS plan was \$4,123,484.

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

Net Pension Liability and Pension Expense - At December 31, 2018 the Township's proportionate share of the PFRS net pension liability was \$57,073,276. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. 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, 2018. The Township's proportion measured as of June 30, 2018, was .4217762235%, which was an increase of .0172708748% from its proportion measured as of June 30, 2017.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 8. Pension Obligations (continued)

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

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 7,953,351	\$ 9,698,303
Deferred Inflows of Resources	15,439,716	11,005,256
Net Pension Liability	57,073,276	62,447,806
Township's portion of the Plan's total net pension Liability	0.42178%	0.40451%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2018, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$4,928,315. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$4,123,484 to the plan in 2018.

At December 31, 2018, 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	\$ 580,646	\$ 236,183
Changes of Assumptions	4,898,973	14,626,895
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	312,243
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>2,473,732</u>	<u>264,395</u>
	<u>\$ 7,953,351</u>	<u>\$ 15,439,716</u>

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 8. Pension Obligations (continued)

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

	<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	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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>
2019	\$ 1,674,365
2020	(477,010.00)
2021	(3,110,743.00)
2022	(4,660,136.00)
2023	<u>(912,841.00)</u>
	<u><u>\$ (7,486,365)</u></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 \$7,752,461 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. 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, 2018 was .4217762235%, which was an increase of .0172708748% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, 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	\$ 57,073,276
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>7,752,461</u>
	<u><u>\$ 64,825,737</u></u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 8. Pension Obligations (continued)

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

At December 31, 2018, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was 918,267.

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 2012 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 2012 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, 2017 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, 2018) 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, 2018**

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 6.51% as of June 30, 2018. 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 3.87% as of June 30, 2018 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, 2018**

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 (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 76,385,497	\$ 57,073,276	\$ 41,032,810
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>10,375,707</u>	<u>7,752,461</u>	<u>5,573,629</u>
	<u><u>\$ 86,761,204</u></u>	<u><u>\$ 64,825,737</u></u>	<u><u>\$ 46,606,439</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, 2018

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>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 51,245,000	\$ 49,620,000	\$ 45,070,000
Total Debt Issued	51,245,000	49,620,000	45,070,000
Authorized but not issued:			
General:			
Bonds, Notes and Loans	4,164,187	4,681,437	6,240,212
Total Authorized But Not Issued	4,164,187	4,681,437	6,240,212
Total Gross Debt	<u>\$ 55,409,187</u>	<u>\$ 54,301,437</u>	<u>\$ 51,310,212</u>
Deductions:			
General:			
Bonds per N.J.S.A.40A:2-52	365,000	500,000	632,657
Total Net Debt	<u>\$ 55,044,187</u>	<u>\$ 53,801,437</u>	<u>\$ 50,677,555</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	\$ 30,795,000	\$ 30,795,000	\$ -
General Debt	55,409,187	365,000	55,044,187
Total	<u>\$ 86,204,187</u>	<u>\$ 31,160,000</u>	<u>\$ 55,044,187</u>

Net Debt \$55,044,187 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$9,951,583,356, equals 0.553%. 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, 2018 is calculated as follows:

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Municipal Debt (continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 348,305,417
Net Debt	<u>55,044,187</u>
Remaining Borrowing Power	<u><u>\$ 293,261,230</u></u>

General Debt

A. Serial Bonds Payable

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>
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	3,575,000	815,006	4,390,006
2024-2028	15,675,000	2,192,993	17,867,993
2029-2031	2,895,000	192,488	3,087,488
	<u>\$ 37,245,000</u>	<u>\$ 7,701,475</u>	<u>\$ 44,946,475</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, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2018</u>
Series 2018A	6/27/2018	6/27/2019	2.750%	<u>\$ 14,000,000</u>

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Municipal Debt (continued)

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2018, the Township had \$4,164,187 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>2017</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2018</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 41,120,000	\$ -	\$ 3,875,000	\$ 37,245,000	\$ 3,915,000
Bond Anticipation Notes	8,500,000	14,000,000	8,500,000	14,000,000	14,000,000
	<u>\$ 49,620,000</u>	<u>\$ 14,000,000</u>	<u>\$ 12,375,000</u>	<u>\$ 51,245,000</u>	<u>\$ 17,915,000</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, 2018 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>2018</u>	2019 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 550,000	\$ 275,000	\$ 275,000

Note 11. Special Emergency Note Payable

On March 15, 2018 the Township issued \$550,000 in Special Emergency Notes, Series 2018. 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 1.959% and mature on March 15, 2019.

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.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 \$5,122,237 at December 31, 2018.

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, 2018, the Township has reserved in the Other Trust Fund \$267,769 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 2018, 2017 and 2016.

New Jersey Unemployment Compensation Insurance

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

<u>Year</u>	<u>Contributions</u>	<u>Amount</u>	
		<u>Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 3,592	\$ 42,409	\$ 252,768
2017	250,877	41,054	291,585
2016	242	14,813	81,762

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018 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, 2018.

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, 2018, the Township abated property taxes totaling \$282,679 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:

Recipient	Purpose	Amount Abated
Lakewood Equity LLC	Commercial	\$ 40,519
Lakewood Conference Center LLC	Commercial	37,650
Kikar Shabbos LLC	Commercial	28,752
Chateau Holdings LLC	Commercial	34,822
1001 New Hampshire Avenue LLC	Commercial	<u>66,689</u>
		<u>\$ 208,432</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 17. Postemployment Benefits Other Than Pensions

A. State Plan

General Information about the OPEB Plan

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

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

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

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

Basis of Presentation

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 17. Postemployment Benefits Other Than Pensions (continued):

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Special Funding Situation

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

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

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 17. Postemployment Benefits Other Than Pensions (continued):

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$29,083,651.00 as of December 31, 2018. The OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was 0.468046%, which was an increase of 0.015378% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 29,083,651.00

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was \$880,396.00.

B. Local Plan

General Information about the OPEB Plan

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

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 17. Postemployment Benefits Other Than Pensions (continued):

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

Actuarial Assumptions and Other Inputs

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

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

Assumed Retirement Age	At first eligibility after completing 20 years of service for nonunion employees; bargained employees after completing years of service as follows: PBA and SOA - 19 years, EMS - 25 years, AFSCME - 20
Rates of Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Rates of Turnover	NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	4.10 % Based on the Bond Buyer 20 Index December 31, 2018
Rate of Salary Increase	2.50%
Consumer Price Index	2.50%
Medical Trend	Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 17. Postemployment Benefits Other Than Pensions (continued):

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

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

Changes in the Total OPEB Liability

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

Other Supplementary Information

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

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 17. Postemployment Benefits Other Than Pensions (continued):

Schedule of Funding Progress

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

Note 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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 18. Reserve for Co-Gen Overpayments (continued)

\$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, 2018 through the date of August 6, 2019, which is the date the financial statements were available to be issued.

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, 2018

Balance December 31, 2017		\$	52,602,473
Increased by Receipts:			
Tax Collector	\$	205,958,983	
Nonbudget Revenue		7,166,185	
State of New Jersey (Ch. 20, P.L. 1971)		423,333	
Special Emergency Notes Issued		550,000	
Revenue Accounts Receivable		11,489,108	
Interfunds		4,210,261	
Refunds to Appropriations		1,737,460	
Various Reserves		380,288	
Due to State of New Jersey		183,325	
Deposits on Sale of Property		186,300	
Section 8 Existing Housing		16,300,236	248,585,479
Subtotal			301,187,952
Decreased by Disbursements:			
2018 Budget Appropriations		78,629,593	
2017 Appropriation Reserves		3,952,960	
Interfunds		6,140,368	
Repayment of Emergency Notes		825,000	
Change Fund		100	
Accounts Payable		65,726	
County Taxes Payable		43,176,024	
Local School District Tax		100,009,269	
Fire District Tax		6,250,980	
Tax Overpayments		334,614	
Various Reserves		472,600	
Due to State of New Jersey		206,918	
Section 8 Existing Housing		16,300,236	256,364,388
Balance December 31, 2018		\$	<u><u>44,823,564</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEARS ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	-
Increased by Receipts:			
Taxes Receivable	\$	202,587,649	
Tax Title Liens		137,240	
Prepaid Taxes		1,557,831	
Prepaid Tax Abatements		9,854	
Revenue Accounts Receivable		1,666,409	205,958,983
			<hr/>
Subtotal			205,958,983
Decreased by Disbursements:			
Turnover to Treasurer			205,958,983
			<hr/>
Balance December 31, 2018		\$	-
			<hr/> <hr/>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2018**

YEAR	BALANCE DECEMBER 31, 2017	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, 2018
		2017	2018								
2009	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ 18
2011	9	-	-	-	-	-	-	-	-	-	9
2012	14	-	-	-	-	-	-	-	-	-	14
2013	2	-	-	-	-	-	-	-	-	-	2
2014	2,849	-	1,485	-	-	-	-	-	-	-	1,364
2015	3	-	-	-	-	-	-	-	-	-	3
2016	4,370	-	4,255	-	-	-	-	-	-	77	38
2017	5,458,960	-	5,096,137	-	435	-	-	-	(33,041)	356,505	38,924
Total	5,466,225	-	5,101,877	-	435	-	-	-	(33,041)	356,582	40,372
2018	-	210,906,420	197,485,772	6,926,493	113,670	576,667	1,070,807	1,070,807	458,008	455,656	5,960,961
Balance	\$ 5,466,225	\$ 210,906,420	\$ 202,587,649	\$ 6,926,493	\$ 114,105	\$ 576,667	\$ 1,070,807	\$ 1,070,807	\$ 424,967	\$ 812,238	\$ 6,001,333

ANALYSIS OF 2018 PROPERTY TAX LEVY

Tax Yield:		
General Purpose Tax	\$	200,947,171
Fire District Tax		6,250,980
Added & Omitted Tax		3,708,269
Total	\$	210,906,420
Tax Levy:		
Local District School Tax	\$	100,009,269
County Taxes:		
County Taxes	\$	35,900,808
County Library Tax		3,917,280
County Health Tax		1,414,498
County Open Space Tax		1,241,266
Due County for Added & Omitted Taxes		727,022
Total County Taxes		43,200,874
Fire District Taxes		6,250,980
Local Tax for Municipal Purposes		58,464,050
Add: Additional Tax Levied		2,981,247
Total	\$	210,906,420

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEARS ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	595,619
Increased by:			
Transfer from Taxes Receivable			<u>114,105</u>
Subtotal			709,724
Decreased by:			
Cancelled	\$	4,464	
Cash Collections		<u>137,240</u>	<u>141,704</u>
Balance December 31, 2018		\$	<u><u>568,020</u></u>

**SCHEDULE OF TAX ABATEMENT RECEIVABLE
FOR THE YEARS ENDED DECEMBER 31, 2018**

Balance December 31, 2017 and 2018	\$	<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, 2018**

Balance December 31, 2017	\$ 50,008,900
Decreased by:	
Properties Removed by Sale	<u>849,300</u>
Balance December 31, 2018	<u><u>\$ 49,159,600</u></u>

**SCHEDULE OF DUE FROM STATE - P.L. 1971, C. 20
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 112,377
Increased by:	
Deductions per Tax Duplicate:	
Senior Citizens	\$ 99,250
Veterans	353,000
Deductions Allowed by Collector - Current Year Taxes	<u>10,500</u>
	462,750
Subtotal	575,127
Decreased by:	
Received from State of New Jersey	423,333
Deductions Disallowed - Current Year Taxes	4,742
Deductions Disallowed - Prior Years Taxes	<u>33,041</u>
	461,116
Balance December 31, 2018	<u><u>\$ 114,011</u></u>

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018

	BALANCE DECEMBER 31, 2017	ACCRUED IN 2018	COLLECTION		BALANCE DECEMBER 31, 2018
			TREASURER	COLLECTOR	
Clerk:					
Alcoholic Beverages Licenses	\$ -	\$ 90,700	\$ 90,700	\$ -	\$ -
Other Licenses	-	133,326	133,326	-	-
Division of Inspections:					
Construction Code Official	310,928	2,674,264	2,790,101	-	195,091
Other Fees & Permits	34,980	541,105	555,467	-	20,618
Department of Police:					
Police Identification Fees	-	24,681	24,681	-	-
Municipal Court:					
Fines & Costs	46,047	722,200	714,984	-	53,263
Recycling Revenue from County	-	25,374	25,374	-	-
Emergency Medical Services	-	983,852	983,852	-	-
Police Off-Duty Employment Funds	-	474,264	474,264	-	-
Cell Tower Lease	-	95,588	95,588	-	-
Municipal Hotel & Occupancy Tax	-	148,820	148,820	-	-
Tax Abatement Program Revenue	-	446,947	-	446,947	-
General Capital Fund Balance	-	130,000	130,000	-	-
Tax Collector:					
Payment in Lieu of Taxes:					
Sons of Israel	-	97,406	-	97,406	-
Interest & Costs on Taxes	-	1,124,322	-	1,124,322	-
State of New Jersey:					
Consolidated Municipal Property					
Tax Relief Aid	-	231,294	231,294	-	-
Energy Receipts Tax	-	4,926,313	4,926,313	-	-
Cable TV Franchise Fees	-	164,344	164,344	-	-
Total	\$ 391,955	\$ 13,034,800	\$ 11,489,108	\$ 1,668,675	\$ 268,972

Cash Receipts	\$ 11,489,108	\$ 1,666,409
Prior Year Collections	-	2,266
	<u>\$ 11,489,108</u>	<u>\$ 1,668,675</u>

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
N.J.S. 40A: 4-55 SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2018

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2017	BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2018
6/11/15	Revaluation of Real Property	\$ 1,375,000	\$ 275,000	\$ 825,000	\$ 275,000	\$ 550,000
	Total			\$ 825,000	\$ 275,000	\$ 550,000

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, 2018

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2017	BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2018
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 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>BALANCE DECEMBER 31, 2017</u>		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGED	LAPSED
Administrative & Executive:					
Office of the Manager:					
Salaries	\$ 85,370	\$ -	\$ 85,370	\$ -	\$ 85,370
Other Expenses	10,887	-	10,887	266	10,621
Governing Body:					
Salaries	7,938	-	7,938	-	7,938
Other Expenses	57,513	4,474	61,987	5,674	56,313
Department of Human Resources:					
Salaries	20,704	-	20,704	-	20,704
Other Expenses	28,899	1,078	29,977	17,464	12,513
Office of the Clerk:					
Salaries	46,520	-	46,520	-	46,520
Other Expenses	22,605	6,164	28,769	7,230	21,539
Purchasing Department:					
Salaries and Wages	2,375	-	2,375	-	2,375
Other Expenses	54,407	10,622	65,029	12,137	52,892
Financial Administration:					
Salaries and Wages	20,142	-	20,142	-	20,142
Other Expenses	40,077	84	40,161	29,040	11,121
Audit Services:					
Annual Audit	70,000	-	70,000	58,200	11,800
Computer Center:					
Salaries and Wages	3,917	-	3,917	-	3,917
Other Expenses	94,444	22,588	117,032	36,635	80,397
Collection of Taxes:					
Salaries and Wages	68,593	-	68,593	-	68,593
Other Expenses	31,663	388	32,051	349	31,702
Assessment of Taxes:					
Salaries and Wages	17,492	-	17,492	-	17,492
Other Expenses	61,463	-	61,463	58,771	2,692
Liquisation of Tax Liens & Foreclosed					
Other Expenses	20,500	-	20,500	-	20,500
Legal Services & Costs:					
Other Expenses	207,955	2,655	210,610	7,185	203,425
Engineering Services & Costs:					
Other Expenses	65,609	114,108	179,717	146,142	33,575
Department of Economic Development:					
Other Expenses	3,145	-	3,145	-	3,145
Civil Rights Commission:					
Other Expenses	1,250	-	1,250	-	1,250
Advisory Board on Disability:					
Other Expenses	1,500	-	1,500	-	1,500
Tourism Advisory Committee:					
Other Expenses	3,300	-	3,300	-	3,300
Planning Board:					
Other Expenses	1,593	1,586	3,179	2,710	469
Zoning Board:					
Other Expenses	21,659	2,795	24,454	3,685	20,769
Police:					
Salaries and Wages	531,669	-	531,669	-	531,669
Other Expenses	45,144	138,233	183,377	153,428	29,949
Emergency Management Services:					
Salaries and Wages	3,846	-	3,846	-	3,846
Other Expenses	31,480	42,069	73,549	40,395	33,154

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>BALANCE DECEMBER 31, 2017</u>		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGED	LAPSED
Emergency Medical Technicians:					
Salaries and Wages	89,310	-	89,310	-	89,310
Other Expenses	47,800	24,751	72,551	31,110	41,441
Municipal Prosecutor					
Other Expenses	11,500	6,500	18,000	13,000	5,000
Road Repairs & Maintenance:					
Salaries and Wages	65,257	-	65,257	-	65,257
Other Expenses	157,117	46,234	203,351	175,433	27,918
Street Cleaning:					
Salaries and Wages	31,715	-	31,715	-	31,715
Other Expenses	5,184	967	6,151	1,039	5,112
Department of Public Works:					
Salaries and Wages	54,933	-	54,933	-	54,933
Other Expenses	26,972	31,249	58,221	47,428	10,793
Shade Tree Commission:					
Salaries and Wages	47,659	-	47,659	-	47,659
Other Expenses	7,102	405	7,507	1,489	6,018
Cross Street Landfill Maint:					
Other Expenses	7,500	-	7,500	-	7,500
Garbage & Trash Removal:					
Salaries and Wages	59,707	-	59,707	-	59,707
Other Expenses	14,178	21,319	35,497	30,570	4,927
Recycling:					
Salaries and Wages	3,590	-	3,590	-	3,590
Other Expenses	19,297	5,797	25,094	10,111	14,983
Public Buildings & Grounds:					
Salaries and Wages	8,714	-	8,714	-	8,714
Other Expenses	979	62,386	63,365	60,784	2,581
Apartment Trash Reimbursement:					
Other Expenses	364,736	30,377	395,113	380,311	14,802
Automotive Mechanics:					
Salaries and Wages	20,171	-	20,171	-	20,171
Municipal Garage:					
Salaries and Wages	23,018	-	23,018	-	23,018
Other Expenses	12,719	19,961	32,680	21,039	11,641
Community Services Act:					
Other Expenses	538,605	52,636	591,241	590,979	262
Municipal Court:					
Salaries and Wages	25,989	-	25,989	-	25,989
Other Expenses	5,175	1,766	6,941	1,824	5,117
Public Defender					
Other Expenses	367	-	367	-	367
Board of Health:					
Salaries and Wages	27,137	-	27,137	-	27,137
Other Expenses	1,215	221	1,436	221	1,215
Environmental Commission:					
Other Expenses	1,700	-	1,700	-	1,700
Animal Control:					
Salaries and Wages	7,282	-	7,282	-	7,282
Other Expenses	415	5,593	6,008	6,003	5
Relocation Assistance Program					
Other Expenses	7,500	-	7,500	-	7,500
Recreation:					
Salaries and Wages	4,825	-	4,825	-	4,825
Other Expenses	-	-	-	-	-

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>BALANCE DECEMBER 31, 2017</u>		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGED	LAPSED
Community Center:					
Salaries and Wages	16,783	-	16,783	-	16,783
Other Expenses	19,360	1,179	20,539	1,087	19,452
Parks & Playgrounds:					
Salaries and Wages	68,777	-	68,777	-	68,777
Other Expenses	1,838	12,597	14,435	13,970	465
Celebration of Public Events:					
Other Expenses	3,000	-	3,000	-	3,000
Transfer to Lakewood Airport Authority	41,152	124	41,276	124	41,152
Lakewood Public Transportation	180,355	9,525	189,880	10,771	179,109
State Uniform Construction Code Officials:					
Salaries and Wages	35,662	-	35,662	-	35,662
Other Expenses	46,525	77,758	124,283	64,667	59,616
Property Maintenance Code:					
Salaries and Wages	36	-	36	-	36
Insurance:					
Liability Insurance	23,102	-	23,102	-	23,102
Group Insurance Plan	292,770	648	293,418	648	292,770
Health Insurance Waivers	60,905	-	60,905	-	60,905
Utility Expenses & Bulk Purchases:					
Electricity	30,108	-	30,108	28,537	1,571
Street Lighting	245,771	79,762	325,533	211,091	114,442
Telephone	53,740	146	53,886	12,891	40,995
Water	33,371	1,212	34,583	6,789	27,794
Natural Gas	60,297	-	60,297	15,990	44,307
Gasoline	227,505	21,505	249,010	35,470	213,540
Stadium Utilities	21,152	-	21,152	-	21,152
Landfill/Solid Waste Disposal Costs:					
Landfill Disposal Costs	20,250	309	20,559	-	20,559
Contingent	10,000	-	10,000	-	10,000
<hr/>					
Total Operations Including Contingent Within "CAPS"	4,875,486	861,771	5,737,257	2,352,687	3,384,570
<hr/>					
Deferred Charges & Statutory Expenditures Within CAPS:					
Statutory Expenditures:					
Contributions to Employees Retirement System	1	-	1	-	1
Social Security System (O.A.S.I.)	62,552	-	62,552	397	62,155
Defined Contribution Retirement Program	3,561	-	3,561	-	3,561
<hr/>					
Total Appropriations Within CAPS	4,941,600	861,771	5,803,371	2,353,084	3,450,287

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>BALANCE DECEMBER 31, 2017</u>		BALANCE	PAID OR	BALANCE
	RESERVED	ENCUMBERED	AFTER TRANSFERS	CHARGED	LAPSED
Public & Private Programs Offset by Revenue:					
Matching Funds for Grants	24,000	-	24,000	5,438	18,562
Capital Improvements- Excluded from CAPS:					
Purchase of Two Ambulances	190,000	-	190,000	189,970	30
Police Shooting Range and SWAT					
Facility Construction	175,000	-	175,000	174,827	173
Purchase Bucket Truck	3,885	81,115	85,000	81,115	3,885
Purchase Rolloff Truck	200,000	-	200,000	192,984	7,016
Construct Storage Buildings at PAT Park	64,855	25,145	90,000	37,377	52,623
Purchase Garbage/Recycle Containers	107	127,981	128,088	127,449	639
Purchase Riding Mower	2,183	-	2,183	-	2,183
Purchase DPW Shop Lift & Welding Gear	453	12,099	12,552	12,099	453
Purchase Two Maintenance					
Trucks with Plows	8,682	-	8,682	-	8,682
Purchase Six 8Yard Containers	83,492	-	83,492	-	83,492
Purchase Two Leaf Trucks	40,112	299,888	340,000	340,000	-
Fences for DPW and EMS Facilities	69,239	-	69,239	39,935	29,304
Purchase Downtown Area Street Lights	942	-	942	-	942
Contruction of Police Evidence Room	-	13,975	13,975	13,975	-
Police Department Renovations	18,617	-	18,617	18,605	12
Police Department Weapons Upgrade	45,598	-	45,598	44,544	1,054
Municipal Court Room Facility Renovations	145,777	10,738	156,515	156,303	212
Computer Software/Hardware Upgrades	125,508	125,007	250,515	250,515	-
GIS Tax Mapping	223,400	305,788	529,188	313,288	215,900
Property Acquisition	1,200,000	-	1,200,000	-	1,200,000
Total Capital Improvements					
- Excluded from CAPS	2,597,850	1,001,736	3,599,586	1,992,986	1,606,600
Total General Appropriations	<u>\$ 7,563,450</u>	<u>\$ 1,863,507</u>	<u>\$ 9,426,957</u>	<u>\$ 4,351,508</u>	<u>\$ 5,075,449</u>

Cash Disbursements	\$ 3,952,960
Accounts Payable	398,548
Total	<u>\$ 4,351,508</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	266,484
Increased by:			
Appropriation Reserves			<u>398,548</u>
Subtotal			665,032
Decreased by:			
Cash Disbursed	\$	65,726	
Cancelled Accounts Payable		<u>43,645</u>	<u>109,371</u>
Balance December 31, 2018		\$	<u><u>555,661</u></u>

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	6,926,493
Increased by:			
Collections, 2018 Taxes			<u>1,557,831</u>
Subtotal			8,484,324
Decreased by:			
Applied to Taxes Receivable			<u>6,926,493</u>
Balance December 31, 2018		\$	<u><u>1,557,831</u></u>

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

Balance December 31, 2017		\$	3,091,568
Increased by:			
Created			<u>1,070,807</u>
Subtotal			4,162,375
Decreased by:			
Cash Disbursements	\$	334,614	
Applied		<u>576,667</u>	<u>911,281</u>
Balance December 31, 2018		\$	<u><u>3,251,094</u></u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 702,172
Increased by:		
County Tax	\$ 35,900,808	
County Library Tax	3,917,280	
County Health Tax	1,414,498	
County Open Space Preservation	1,241,266	
Due County for Added & Omitted Taxes	727,022	43,200,874
		<hr/>
Subtotal		43,903,046
Decreased by:		
Payments		<hr/> 43,176,024
Balance December 31, 2018		<hr/> <u>\$ 727,022</u>

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ -
Increased by:		
Levy - Calendar Year 2018		<hr/> 100,009,269
Subtotal		100,009,269
Decreased by:		
Payments		<hr/> 100,009,269
Balance December 31, 2018		<hr/> <u>\$ -</u>

**SCHEDULE OF FIRE DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ -
Increased by:		
Levy - Calendar Year		<hr/> 6,250,980
Subtotal		6,250,980
Decreased by:		
Payments		<hr/> 6,250,980
Balance December 31, 2018		<hr/> <u>\$ -</u>

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

	BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
Reserve For:				
Industrial Commission	\$ 1,580,609	\$ 379,858	\$ 472,600	\$ 1,487,867
Co-Gen Overpayments	1,775,854	-	-	1,775,854
Superstorm Sandy	100,139	430	-	100,569
	<hr/>			<hr/>
Total	\$ 3,456,602	\$ 380,288	\$ 472,600	\$ 3,364,290
	<hr/>			<hr/>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2018**

	TOTAL	CONSTRUCTION TRAINING FEES	MARRIAGE/ DOMESTIC PARTNERSHIP FEES
Balance December 31, 2017	\$ 64,525	\$ 57,725	\$ 6,800
Increased by:			
Cash Receipts	<hr/> 183,325	<hr/> 157,650	<hr/> 25,675
Subtotal	<hr/> 247,850	<hr/> 215,375	<hr/> 32,475
Decreased by:			
Cash Disbursed	<hr/> 206,918	<hr/> 182,143	<hr/> 24,775
Balance December 31, 2018	<hr/> \$ 40,932	<hr/> \$ 33,232	<hr/> \$ 7,700
	<hr/>		

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF DEPOSITS ON SALE OF PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 365,100
Increased by:	
Cash Receipts	<u>186,300</u>
Subtotal	551,400
Decreased by:	
Applied to Sales of Property	<u>524,900</u>
Balance December 31, 2018	<u><u>\$ 26,500</u></u>

**SCHEDULE OF DUE TO LAKEWOOD HOUSING
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 42
Increased by:	
Cash Receipts	<u>16,300,236</u>
Subtotal	16,300,278
Decreased by:	
Cash Disbursed	<u>16,300,236</u>
Balance, December 31, 2018	<u><u>\$ 42</u></u>

TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF INTERFUNDS - OTHER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	TOTAL	FEDERAL & STATE GRANT FUND	GENERAL TRUST	CAPITAL FUND	ANIMAL CONTROL TRUST
Balance, December 31, 2017:					
Interfund Receivable	\$ 142,555	\$ -	\$ -	\$ 142,555	\$ -
(Interfund Payable)	(2,230,377)	(625,585)	(1,582,043)	-	(22,749)
Increased by:					
Grant Reserves Cancelled	984,155	984,155	-	-	-
Disbursements	6,140,368	5,682,075	452,164	-	6,129
Statutory Excess in Reserve	6,990	-	-	-	6,990
Total Increased by	7,131,513	6,666,230	452,164	-	13,119
Subtotal	5,043,691	6,040,645	(1,129,879)	142,555	(9,630)
Decreased by:					
Animal Control Receipts	12,805	-	-	-	12,805
Matching Funds for Grants	295,088	295,088	-	-	-
Grants Receivable Canceled	952,334	952,334	-	-	-
Return to Current	3,707,314	3,564,759	-	142,555	-
Subtotal	4,967,541	4,812,181	-	142,555	12,805
Various Reserves	490,142	-	490,142	-	-
Total Decreased by	5,457,683	4,812,181	490,142	142,555	12,805
Balance, December 31, 2018:					
Interfund Receivable	\$ 1,228,464	\$ 1,228,464	\$ -	\$ -	\$ -
(Interfund Payable)	\$ (1,642,456)	\$ -	\$ (1,620,021)	\$ -	\$ (22,435)

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
SCHEDULE OF EMERGENCY AUTHORIZATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE OF	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE		DECREASED	INCREASED	BALANCE DECEMBER 31, 2018
				DECEMBER 31, 2017	DECEMBER 31, 2018			
Revaluation of Real Property	3/15/18	3/15/19	1.959%	\$ 825,000	\$ 825,000	\$ 825,000	\$ 550,000	\$ 550,000
Total				\$ 825,000	\$ 825,000	\$ 825,000	\$ 550,000	\$ 550,000

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	(625,585)
Increased by:			
Disbursed by Current Fund:			
Appropriated Reserves	\$	5,682,075	
Cancellation of Grant Appropriated Reserve		984,155	6,666,230
			<hr/>
Subtotal			6,040,645
Decreased by:			
Deposited in Current Fund:			
Grants Receivable	\$	3,564,759	
Grant Matching Funds		295,088	
Cancellation of Grant Receivables		952,334	4,812,181
			<hr/>
Balance December 31, 2018		\$	<u><u>1,228,464</u></u>

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

GRANT	BALANCE DECEMBER 31, 2017	2018 ANTICIPATED REVENUE	CASH RECEIVED	RESERVES REALIZED AS REVENUE	CANCELLED	BALANCE DECEMBER 31, 2018
Federal:						
Bulleproof Vest Partnership Program	\$ 4,482	\$ -	\$ -	-	\$ 4,482	\$ -
Bulleproof Vest Partnership Program - 2015	19,375	-	-	-	-	19,375
Community Development Block Grant- 2016	450,130	-	450,130	-	-	-
Community Development Block Grant- 2017	1,100,065	-	183,065	-	-	917,000
Community Development Block Grant- 2018	-	1,241,002	-	-	-	1,241,002
Edward Byrne Memorial Justice Assistance Grant - 2014	8,815	-	-	-	8,815	-
Edward Byrne Memorial Justice Assistance Grant - 2016	13,149	-	13,037	-	112	-
Department of Transportation:						
Cedarbridge Corporate Campus	21,755	-	-	-	21,755	-
Highway Safety Fund - 2015	13,603	-	-	-	-	13,603
Highway Safety Fund	181,323	-	-	-	177	181,146
US DOT Taxiway Construction Phase I	21,402	-	-	-	21,402	-
US DOT Taxiway Construction Phase II	5,965	-	-	-	-	5,965
US DOT Airport Development Grant - Runway	9,966	-	-	-	9,966	-
FEMA - Hazard Mitigation Grant	392,685	-	-	-	-	392,685
Federal Transit CIP Parking Lot Project	3,764,000	-	16,571	-	-	3,747,429
Acquire Land for Approaches Runway 6	211,350	33,420	244,770	-	-	-
Sub-Total Federal	6,218,065	1,274,422	907,573	-	66,709	6,518,205
State:						
Alcohol Education & Rehabilitation Fund	-	5,712	5,712	-	-	-
Clean Communities Program	-	111,319	111,319	-	-	-
Construct Taxiway to Runway 24 End - State Share	2,476	-	-	-	-	2,476
Drunk Driving Enforcement Fund	-	63,352	63,352	-	-	-
Helipad	9,667	-	-	-	9,667	-
Jet Fuel Tank	15,340	-	-	-	-	15,340
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	44,328	-	-	-	-	44,328
Municipal Aid Program 2015	351,726	-	217,210	-	-	134,516
Municipal Aid Program 2016	351,726	-	147,659	-	-	204,067
Municipal Aid Program 2017- Clifton Ave	315,858	-	146,005	-	-	169,853
Municipal Aid Program 2018	-	923,625	-	-	-	923,625
NJDOT - Obstruction Tree Removal	-	120,510	18,660	-	-	101,850
Runway End Identifier Lights	18,691	-	-	-	-	18,691

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

GRANT	BALANCE DECEMBER 31, 2017	2018 ANTICIPATED REVENUE	CASH RECEIVED	RESERVES REALIZED AS REVENUE	CANCELLED	BALANCE DECEMBER 31, 2018
State (continued):						
Recycling Tonnage Grant	-	111,146	-	111,146	-	-
Safe & Secure Communities Program - 2013	20,000	-	-	-	-	20,000
Safe & Secure Communities Program - 2018	-	60,000	60,000	-	-	-
State of NJ No Net Loss Reforestation Grant FS14-013	3,763,800	-	1,474,050	-	-	2,289,750
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:						
Administrative Grant - 2016	241,478	-	-	-	241,478	-
Administrative Grant - 2017	184,814	-	1,493	-	183,321	-
Administrative Grant - 2018	-	325,000	95,251	-	-	229,749
Basic Tools Training	-	60,000	60,000	-	-	-
Business Attraction Initiative - VI	4,298	-	-	-	4,298	-
Business Attraction Initiative - VII	100,000	-	95,857	-	-	4,143
Business Attraction Initiative - VIII	-	100,000	24,027	-	-	75,973
Franklin Street Redev. Area Appraisals & Evaluations	31,160	-	-	-	31,160	-
Marketing & Public Relations - VI	92,195	-	-	-	92,195	-
Business to Business Networking Initiative III	9,987	-	-	-	9,987	-
Business to Business Networking Initiative IV	65,250	-	61,925	-	-	3,325
Business to Business Networking Initiative V	-	65,500	21,455	-	-	44,045
Strand Theater Capital Improvements & Renovations - Phase III	349,466	-	34,161	-	-	315,305
Sub-Total State	7,359,827	1,946,164	2,638,136	111,146	885,625	5,671,084
Local:						
CJHIF - Wellness Grant Program	20,000	-	19,050	-	-	950
CJHIF - Wellness Grant Program - 2018	-	15,000	-	-	-	15,000
Sub-Total Local	20,000	15,000	19,050	-	-	15,950
Grand Total	\$ 13,597,892	\$ 3,235,586	\$ 3,564,759	\$ 111,146	\$ 952,334	\$ 12,205,239
Original Budget	\$ 1,540,281					
Ch. 159 Budget Amendments		1,695,305				
	\$	<u>3,235,586</u>				

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

GRANT	BALANCE DECEMBER 31, 2017		TRANFERS FROM 2018 BUDGET		EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2018	
	ENCUMBERED	RESERVED	APPROPRIATIONS				ENCUMBERED	RESERVED
Federal:	\$	-	\$	51	\$	-	\$	51
Community Development Block Grant - 2008	-	-	-	132,669	-	-	-	132,669
Community Development Block Grant - 2009	-	-	-	2,764	-	-	-	2,764
Community Development Block Grant - 2010	-	-	-	5,775	-	-	-	5,775
Community Development Block Grant - 2011	82	-	-	15,924	-	-	82	20,923
Community Development Block Grant - 2012	5,351	-	-	41,000	-	-	352	41,000
Community Development Block Grant - 2013	-	-	-	24,918	-	-	-	30,418
Community Development Block Grant - 2014	6,760	-	-	93,862	-	-	1,260	92,851
Community Development Block Grant - 2015	13,536	-	-	296,953	2,124	-	12,423	135,203
Community Development Block Grant - 2016	66,345	-	-	985,036	212,565	-	15,530	327,248
Community Development Block Grant - 2017	34,907	-	-		573,896	-	118,799	1,123,123
Community Development Block Grant - 2018	-	-	1,241,002		101,327	-	16,552	35,848
Community Development Block Grant - Title I Assistance	-	35,848	-	-	-	-	-	-
Drive Sober or Get Pulled Over	-	500	-	-	500	-	-	-
Edward Byrne Memorial Justice Assistance Grant	-	9,044	-	-	117	8,927	-	-
Energy Efficiency Grant	-	72,860	-	-	-	-	-	72,860
FEMA - Hazard Mitigation Grant	116,400	32,810	-	-	127,051	-	69	22,090
Federal Transit CIP Parking Lot Project	-	3,764,000	-	-	17,443	-	-	3,746,557
USDOT Acquire Land for Approaches - Runway 6	-	-	33,420	-	30,152	-	-	3,268
USDOT Taxiway Construction-Phase I	3,096	-	-	-	-	3,096	-	-
USDOT Taxiway Construction-Phase II	-	7,261	-	-	-	-	-	7,261
USDOT FAA Lakewood Airport Runway- Federal	19,771	13,934	-	-	-	33,705	-	-
USDOT FAA Airport Land Acq Phase II	-	22,849	-	-	22,849	-	-	-
Sub-Total Federal	266,248	5,558,058	1,274,422	1,088,024	45,728	165,067	5,799,909	

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

GRANT	BALANCE DECEMBER 31, 2017		TRANFERS FROM 2018 BUDGET APPROPRIATIONS	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2018	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
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 - 2014	-	6,659	-	160	-	-	6,499
Alcohol Education & Rehabilitation - 2016	300	3,452	-	2,923	-	300	529
Alcohol Education & Rehabilitation - 2017	-	7,335	-	2,105	-	628	4,602
Alcohol Education & Rehabilitation - 2018	-	-	5,712	-	-	-	5,712
Body Armor Replacement Grant	-	188	-	-	-	-	188
Body Armor Replacement Grant - 2016	-	949	-	-	-	-	949
Body Armor Replacement Grant - 2017	11,347	-	-	11,347	-	-	-
Clean Communities Program	-	340,926	-	143,412	-	-	197,514
Clean Communities Program - 2018	-	-	111,319	-	-	-	111,319
Driving While Intoxicated	-	943	-	-	-	-	943
Drunk Driving Enforcement Fund - 2009	22	-	-	-	-	-	22
Drunk Driving Enforcement Fund - 2014	146	-	-	-	-	-	146
Drunk Driving Enforcement Fund - 2018	-	-	63,352	37,645	-	-	25,707
Emergency Assistance Grant	-	8,255	-	-	-	-	8,255
Gypsy Moth Grant	-	23,829	-	-	-	-	23,829
Helipad- State	-	20	-	-	20	-	-
New Jersey Department of Transportation:							
Municipal Aide Program 2019	-	521	-	-	521	-	-
Municipal Aide Program 2011	1,258	200,838	-	-	-	1,258	200,838
Municipal Aide Program 2012	-	14,175	-	-	-	-	14,175
Municipal Aide Program 2013	-	13,887	-	-	-	-	13,887
Municipal Aide Program 2014	6,669	35,760	-	-	-	6,669	35,760
Municipal Aide Program 2015	32,577	304,613	-	215,346	-	121,734	110
Municipal Aide Program 2016	54,383	281,426	-	262,001	-	26,707	47,101
Municipal Aide Program 2017	50,901	252,690	-	236,533	-	17,850	49,208
Municipal Aide Program 2018	-	-	923,625	13,570	-	171,155	738,900
Highway Safety Fund	-	10,884	-	-	-	-	10,884
Highway Safety Fund 2013	-	3,820	-	-	3,820	-	-
Highway Safety Fund 2015	-	30,614	-	4,899	-	13,457	12,258
Jet Fuel Tank	-	17,800	-	-	-	-	17,800
Cedarbridge Corporate Campus	10,131	12,099	-	-	22,230	-	-
Construct Taxiway to Runway 24 End State Share	-	30,237	-	-	-	-	30,237
Obstruction Tree Removal	-	-	120,510	13,335	-	-	107,175
NJ State Police - Emergency Management Grant	-	5,000	-	-	-	-	5,000

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

GRANT	BALANCE DECEMBER 31, 2017		TRANFERS FROM 2018 BUDGET APPROPRIATIONS	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2018	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
State (continued):							
NJ Emergency Assistance Grant	-	5,000	-	-	-	-	5,000
Recycling Mini-Grant - Ocean County	-	4,132	-	-	-	-	4,132
Recycling Tonnage Grant	39,395	243,934	-	260,077	-	1,414	21,838
Recycling Tonnage Grant - 2018	-	-	111,146	17,129	-	32,771	61,246
USDOT Runway End Identifier Lights- State	-	16,082	-	-	-	-	16,082
Safe & Secure Communities Programs - State 2016	-	18,301	-	-	18,301	-	-
Safe & Secure Communities Programs - State 2017	-	362	-	-	-	-	362
Safe & Secure Communities Programs - State 2018	-	-	60,000	60,000	-	-	-
Self Service Fuel Tank- State	-	5,694	-	-	5,694	-	-
Seal Coating/Winsock- State	-	250,468	-	-	250,468	-	-
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	6,750	3,586,937	-	2,658,265	-	808,317	127,105
State of NJ - No Net Loss Reforestation							
Project Grant FS14-060	-	972,000	-	-	-	-	972,000
Urban Enterprise Zone:							
Administrative Budget 2016	-	240,629	-	-	240,629	-	-
Administrative Budget 2017	966	183,848	-	1,493	183,321	-	-
Administrative Budget 2018	-	-	325,000	95,402	-	403	229,195
Basic Business Tools Training	-	-	60,000	60,000	-	-	-
Business Attraction Initiative VI	-	4,299	-	-	4,299	-	-
Business Attraction Initiative VII	96,650	3,350	-	95,857	-	-	4,143
Business Attraction Initiative VIII	-	-	100,000	24,072	-	72,578	3,350
Business to Business Networking III	-	9,987	-	-	9,987	-	-
Business to Business Networking IV	65,250	-	-	61,925	-	-	3,325
Business to Business Networking V	-	-	65,500	21,455	-	44,045	-
Franklin Street Redevelopment Area							
Appraisals & Evaluations	-	31,161	-	-	31,161	-	-
Marketing & Public Relations - 2008	-	103,104	-	-	103,104	-	-
Strand Theater - Capital Improvements	7,107	342,357	-	42,375	-	389	306,700
Sub-Total State	383,852	7,640,208	1,946,164	4,341,326	873,555	1,319,675	3,435,668

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

GRANT	BALANCE DECEMBER 31, 2017		TRANFERS FROM 2018 BUDGET APPROPRIATIONS	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2018	
	ENCUMBERED	RESERVED				ENCUMBERED	RESERVED
Local:							
Helpad- Local	-	1	-	-	1	-	-
NJDOT Construct Taxiway to Runway 24 End Local Share	-	30,237	-	-	-	-	30,237
NJDOT - Obstruction Tree Removal Local Share	-	-	13,390	1,485	-	-	11,905
USDOT Runway End Identifier Lights- Local	-	757	-	-	-	-	757
Safe & Secure Communities Programs - Local 2016	-	51,389	-	-	51,389	-	-
Safe & Secure Communities Programs - Local 2017	-	149,107	-	14,616	-	-	134,491
Safe & Secure Communities Programs - Local 2018	-	-	281,698	216,871	-	-	64,827
CJHIF Wellness Grant	-	18,992	-	18,685	-	45	262
CJHIF Wellness Grant - 2018	-	-	15,000	1,068	-	-	13,932
Self Service Fuel Tank- Local	-	300	-	-	300	-	-
Seal Coating/Winssock- Local	-	13,182	-	-	13,182	-	-
Sub-Total Local	-	263,965	310,088	252,725	64,872	45	256,411
Total	\$ 650,100	\$ 13,462,231	\$ 3,530,674	\$ 5,682,075	\$ 984,155	\$ 1,484,787	\$ 9,491,988

Original Budget	\$ 1,835,369
Ch. 159 Budget Amendments	1,695,305
	<u>\$ 3,530,674</u>

NJDOT - Obstruction Tree Removal

**TOWNSHIP OF LAKEWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

GRANT	BALANCE DECEMBER 31, 2017	TRANSFERRED TO ANTICIPATED REVNEUE	BALANCE DECEMBER 31, 2018
Recycling Tonnage Grant	\$ 111,146	\$ 111,146	\$ -
Total	\$ 111,146	\$ 111,146	\$ -

TRUST FUND

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**TOWNSHIP OF LAKEWOOD
TRUST FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>GRANT TRUST FUND</u>	<u>GENERAL TRUST FUND</u>
Balance December 31, 2017	\$ 201,149	\$ 12,639,991
Increased by Receipts:		
Investment Earnings	\$ 2,797	\$ -
Various Reserves	<u>-</u>	<u>11,975,307</u>
Total Receipts	<u>2,797</u>	<u>11,975,307</u>
Subtotal	<u>203,946</u>	<u>24,615,298</u>
Decreased by Disbursements:		
Various Reserves	<u>-</u>	<u>10,671,502</u>
Total Disbursements	<u>-</u>	<u>10,671,502</u>
Balance December 31, 2018	<u><u>\$ 203,946</u></u>	<u><u>\$ 13,943,796</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 506,045
Increased by:	
Net Interest Earnings	<u>3,376</u>
Balance December 31, 2018	<u><u>\$ 509,421</u></u>

**ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 23,116
Increased by:	
Dog License Fees Collected	\$ 10,596
Miscellaneous Fees Collected	<u>315</u>
	10,911
Subtotal	34,027
Decreased by:	
Expenditures Under R.S. 4:19-15.11	4,286
Due to Current Fund	<u>6,990</u>
	11,276
Balance December 31, 2018	<u><u>\$ 22,751</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2017	\$ 11,423
2016	<u>11,328</u>
	<u><u>\$ 22,751</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
ANIMAL CONTROL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 22,749
Increased by:		
Reserve for Animal Control Expenditures	\$ 10,911	
Due to State of New Jersey	1,894	12,805
		<hr/>
Subtotal		35,554
Decreased by:		
Reserve for Animal Control Expenditures	4,286	
Excess in Reserve	6,990	
Due to State of New Jersey	1,843	13,119
		<hr/>
Balance December 31, 2018		<u><u>\$ 22,435</u></u>

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY
ANIMAL CONTROL FEES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 367
Increased by:		
Remitted to State of New Jersey		<hr/> 1,843
Subtotal		2,210
Decreased by:		
State Fees		<hr/> 1,894
Balance December 31, 2018		<u><u>\$ 316</u></u>

**TOWNSHIP OF LAKEWOOD
GRANT TRUST FUND
SCHEDULE OF RESERVE FOR REVOLVING LOAN GRANT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 201,149
Increased by:	
Interest Earned	<u>2,797</u>
Balance December 31, 2018	<u><u>\$ 203,946</u></u>

**GENERAL TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 1,582,043
Increased by:	
Various Reserves	<u>490,142</u>
Subtotal	2,072,185
Decreased by:	
Various Reserves	<u>452,164</u>
Balance December 31, 2018	<u><u>\$ 1,620,021</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL TRUST FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
Unemployment Compensation Insurance	\$ 291,585	\$ 3,592	\$ 42,409	\$ 252,768
Escrow Performance	4,798,452	1,563,018	545,443	5,816,027
Sanitary Landfill Escrow	506,046	3,376	-	509,422
Outside Off-Duty Police Employment	562,405	2,137,745	2,010,034	690,116
Redemption of Tax Sale Certificates	755,555	4,347,770	4,168,258	935,067
Premium at Tax Sale	3,856,840	1,382,987	2,023,424	3,216,403
Law Enforcement	326,240	44,807	12,419	358,628
Law Enforcement Confiscation	48,617	1,208	-	49,825
Planning & Zoning Fees	985,297	973,717	977,420	981,594
Inspection Fees	1,243,061	808,308	675,947	1,375,422
Street Opening Permits	150,168	83,127	216,148	17,147
Council on Affordable Housing	-	629,028	-	629,028
Parking Offenses Adjudication Act	3,323	512	-	3,835
Public Defender	15,208	19,094	11,633	22,669
Accumulated Absences	396,087	300,000	428,318	267,769
Snow Removal	2,442	141,987	-	144,429
Recreation	8,720	7,659	11,523	4,856
Pine Park Deposits	218,845	20,890	150	239,585
Garbage Pail Deposits	559,188	-	540	558,648
	<hr/>			<hr/>
Total	\$ 14,728,079	\$ 12,468,825	\$ 11,123,666	\$ 16,073,238
	<hr/>			<hr/>

Interfund - Current Fund	\$ 490,142
Investments	3,376
Cash Receipts	<hr/> 11,975,307
Total	<hr/> \$ 12,468,825

Interfund - Current Fund	\$ 452,164
Cash Disbursed	<hr/> 10,671,502
Total	<hr/> \$ 11,123,666

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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, 2018**

Balance December 31, 2017		\$	7,631,122
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	\$	400,000	
Bond Anticipation Notes		14,000,000	
Premium on Bond Anticipation Notes		113,620	
Deferred Charges Raised in Budget		94,013	14,607,633
			<hr/>
Subtotal			22,238,755
Decreased by Disbursements:			
Improvement Authorizations	\$	4,990,071	
Payment of Bond Anticipation Notes		7,700,000	
Anticipated as Current Fund Revenue		130,000	
Return of Interfund Due to Current		142,555	12,962,626
			<hr/>
Balance December 31, 2018		\$	<u><u>9,276,129</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH, CASH
EQUIVALENTS & INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Fund Balance	\$ 225,731
Capital Improvement Fund	144,476
Reserve for Capital Improvements	9,716
Reserve for Renewal & Replacements	101,356

Improvement Authorizations:

Ordinance Number		
99-38/07-35	Various Capital Improvements	(941)
05-88	Various Capital Improvements	(1,121)
06-58/07-49	Various Capital Improvements	140,245
08-42	Various Capital Improvements	86,315
09-65	Various Capital Improvements	(26,855)
11-51	Police Department Improvements	464
12-60	Various Improvements	278,195
13-73	Various Improvements	(34,753)
14-17	911 Call Handling System Upgrades	6,171
14-70	Various Improvements	(89,685)
15-22	Improvements to Various roads & Sidewalks	670,122
15-63	Various Equipment LPD/EMS/DPW	(6,168)
17-04	Various Capital Improvements	3,774,999
18-10	Improvements to Various Roads & Sidewalks	<u>3,997,862</u>
Total		<u><u>\$ 9,276,129</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 41,120,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>3,875,000</u>
Balance December 31, 2018	<u><u>\$ 37,245,000</u></u>

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZED	BOND		PAID BY BUDGET APPROPRIATION	CANCELLED	BALANCE DECEMBER 31, 2018	ANALYSIS OF BALANCE DECEMBER 31, 2018		
				ANTICIPATION NOTES PAID	ANTICIPATION NOTES				FINANCED BY	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
99-38/07-35	Various Capital Improvements & Other Related Expenses	\$ 465,274	\$ -	\$ -	\$ -	616	463,717	\$ 941	\$ -	\$ 941	\$ -
00-52/03-39	Various Capital Improvements	32,051	-	-	-	24,758	7,293	-	-	-	-
05-88	Various Capital Improvements	46,700	-	-	-	44,398	1,181	1,121	-	1,121	-
06-58/07-49	Various Capital Improvements	1,070,986	-	-	-	-	1,070,986	-	-	-	-
07-39	Various Capital Improvements	198,626	-	-	-	24,241	174,385	-	-	-	-
08-42	Various Capital Improvements	16,831	-	-	-	-	5,675	11,156	-	-	11,156
09-65	Upgrade of Police Equipment	30,728	-	-	-	-	-	30,728	-	27,354	3,374
11-51	Police Department Improvements	650	-	-	-	-	-	650	-	-	650
12-60	Various Improvements	1,017,135	-	800,000	-	-	-	217,135	-	-	217,135
13-73	Various Improvements	421,997	-	-	-	-	-	421,997	-	35,438	386,559
14-17	911 Call Handling System Upgrades	400	-	-	-	-	-	400	-	-	400
14-70	Various Improvements	105,734	-	-	-	-	-	105,734	-	89,685	16,049
15-63	Various Equipment LPD/EMS/DPW	274,325	-	-	-	-	-	274,325	-	6,990	267,335
17-04	Various Capital Improvements	9,500,000	-	-	-	-	-	9,500,000	8,100,000	-	1,400,000
18-10	Improvements to Various Roads & Sidewalks	-	7,600,000	-	-	-	-	7,600,000	5,900,000	-	1,700,000
Total		\$ 13,181,437	\$ 7,600,000	\$ 800,000	\$ -	\$ 94,013	\$ 1,723,237	\$ 18,164,187	\$ 14,000,000	\$ 161,529	\$ 4,002,658

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**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2017	PAID BY BUDGET APPROPRIATION	ISSUED	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT					
General Improvements	11/06/08	\$ 21,800,000	N/A	N/A	N/A	\$ 970,000	\$ 970,000	-	\$ -
General Improvements	7/31/12	7,705,000	1/15/2019 1/15/2020	760,000 790,000	4.00% 4.00%	2,285,000	735,000	-	1,550,000
Pension Obligation	7/31/12	955,000	4/1/2019 4/1/2020 4/1/2021	150,000 165,000 50,000	2.90% 3.25% 3.50%	500,000	135,000	-	365,000
General Improvement Bonds	3/1/2014	7,980,000	3/1/2019 3/1/2020 3/1/2021 3/1/2022 3/1/2023 3/1/2024 3/1/2025 3/1/2026	725,000 725,000 725,000 725,000 725,000 725,000 725,000 725,000	2.00% 2.00% 2.25% 2.50% 3.00% 3.00% 3.00% 3.00%	6,525,000	725,000	-	5,800,000
Series 2014 Bonds	11/1/14	14,060,000	11/1/2019 11/1/2020 11/1/2021 11/1/2022 11/1/2023 11/1/2024 11/1/2025 11/1/2026 11/1/2027 11/1/2028 11/1/2029 11/1/1930 11/1/2031	1,110,000 1,110,000 1,105,000 1,075,000 1,075,000 1,050,000 1,020,000 1,020,000 1,015,000 1,010,000 990,000 965,000 940,000	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%	13,620,000	135,000	-	13,485,000
Series 2016 Bonds	3/23/16	4,690,000	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	495,000 485,000 485,000 485,000 480,000 475,000 475,000 470,000 270,000	3.00% 4.00% 4.00% 3.00% 4.00% 4.00% 4.00% 4.00% 4.00%	4,620,000	500,000	-	4,120,000
Series 2017 Bonds	11/14/17	12,600,000	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	675,000 675,000 1,290,000 1,295,000 1,295,000 1,295,000 1,350,000 1,350,000 1,350,000 1,350,000	2.00% 2.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00%	12,600,000	675,000	-	11,925,000
Total									
						\$ 41,120,000	\$ 3,875,000	\$ -	\$ 37,245,000

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
2017-04	Various Capital Improvements	8/9/17	\$ 8,500,000	6/27/18	6/27/19	2.75%	\$ 8,500,000	\$ 8,100,000	\$ 8,500,000	\$ 8,100,000
2018-10	Improvements to Various Roads & Sidewalks	6/27/18	5,900,000	6/27/18	6/27/19	2.75%	-	5,900,000	-	5,900,000
Total							\$ 8,500,000	\$ 14,000,000	\$ 8,500,000	\$ 14,000,000

Newly Issued BANs	\$ 6,300,000	\$ -
Renewed	7,700,000	7,700,000
Budget Appropriation	-	800,000
	\$ 14,000,000	\$ 8,500,000

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 144,476
Increased by:	
Budget Appropriation	<u>400,000</u>
Subtotal	544,476
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>400,000</u>
Balance December 31, 2018	<u><u>\$ 144,476</u></u>

EXHIBIT C-10

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR IMPROVEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018 & 2017	<u><u>\$ 9,716</u></u>
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EXHIBIT C-11

**SCHEDULE OF RESERVE FOR RENEWAL AND REPLACEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018 & 2017	<u><u>\$ 101,356</u></u>
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EXHIBIT C-12

**SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 142,555
Decreased by:	
Cash Disbursements	<u>142,555</u>
Balance December 31, 2018	<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, 2018**

ORDINANCE NUMBER/DATE	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	PAID BY BUDGET APPROPRIATIONS	BOND ANTICIPATION NOTES ISSUED	ORDINANCES CANCELLED	BALANCE DECEMBER 31, 2018
99-38/07-35	Various Capital Improvements	\$ 465,274	\$ -	\$ 616	-	\$ 463,717	\$ 941
00-52	Various Capital Improvements	32,051	-	24,758	-	7,293	-
05-88	Various Capital Improvements	46,700	-	44,398	-	1,181	1,121
06-58/07-49/08-40	Various Capital Improvements	1,070,986	-	-	-	1,070,986	-
07-39	Various Capital Improvements	198,626	-	24,241	-	174,385	-
08-42	Various Capital Improvements	16,831	-	-	-	5,675	11,156
09-65	Various Capital Improvements	30,728	-	-	-	-	30,728
11-51	Police Department Improvements	650	-	-	-	-	650
12-60	Various Capital Improvements	217,135	-	-	-	-	217,135
13-73	Various Capital Improvements	421,997	-	-	-	-	421,997
14-17	Upgrades to 911 Handling System	400	-	-	-	-	400
14-70	Various Capital Improvements	105,734	-	-	-	-	105,734
15-63	Various Equipment LPD/EMS/DPW	274,325	-	-	-	-	274,325
17-04	Various Capital Improvements	1,800,000	-	-	400,000	-	1,400,000
18-10	Improvements to Various Roads & Sidewalks	-	7,600,000	-	5,900,000	-	1,700,000
Total		\$ 4,681,437	\$ 7,600,000	\$ 94,013	\$ 6,300,000	\$ 1,723,237	\$ 4,164,187

PAYROLL FUND

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EXHIBIT D-1

**TOWNSHIP OF LAKEWOOD
PAYROLL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 433,269
Increased by Receipts:		
Payroll Reserve	\$ 44,762	
Due to Various Agencies	<u>19,795,967</u>	
		<u>19,840,729</u>
Subtotal		20,273,998
Decreased by Disbursements:		
Due to Various Agencies		<u>19,737,552</u>
Balance December 31, 2018		<u><u>\$ 536,446</u></u>

EXHIBIT D-2

**ANALYSIS OF PAYROLL CASH
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2018
Payroll Reserve	\$ 37,494	\$ 44,762	\$ -	\$ 82,256
Due to Various Agencies	<u>395,775</u>	<u>18,995,106</u>	<u>18,936,691</u>	<u>454,190</u>
Total	<u><u>\$ 433,269</u></u>	<u><u>\$ 19,039,868</u></u>	<u><u>\$ 18,936,691</u></u>	<u><u>\$ 536,446</u></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, 2018

	BALANCE DECEMBER 31, 2017	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2018
General Fixed Assets:				
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Buildings	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	18,664,964	1,532,214	-	20,197,178
Total	\$ 50,879,769	\$ 1,532,214	\$ -	\$ 52,411,983

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TOWNSHIP OF LAKEWOOD

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED DECEMBER 31, 2018

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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, 2018. 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, 2018.

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
August 6, 2019

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TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 - 2015	14.218	N/A	\$ 2,124	\$ 1,011
CDBG Entitlement Grant - 2016	14.218	N/A	212,565	8,989
CDBG Entitlement Grant - 2017	14.218	N/A	573,896	151,300
CDBG Entitlement Grant - 2018	14.218	N/A	101,327	-
Total CDBG - Entitlement Grants Cluster			<u>889,912</u>	<u>161,300</u>
Total U.S. Department of Housing and Urban Development			<u>889,912</u>	<u>161,300</u>
<u>U.S. Department of Justice</u>				
Passed-Through New Jersey Department of Law and Public Safety:				
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	117	-
Total U.S. Department of Justice			<u>117</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Airport Improvement Program	20.106	N/A	53,001	-
Passed-Through New Jersey Transit Corporation:				
Federal Transit Cluster:				
Federal Transit - Capital Investment Grant	20.500	NJ-04-0027	17,443	-
Total Federal Transit Cluster			<u>17,443</u>	<u>-</u>
Passed-Through New Jersey Department of Law and Public Safety:				
Highway Safety Cluster:				
National Priority Safety Programs:				
Drive Sober or Get Pulled Over	20.616	100-066-1160-155	500	-
Total Highway Safety Cluster			<u>500</u>	<u>-</u>
Total U.S. Department of Transportation			<u>70,944</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed-Through New Jersey Department of Law and Public Safety:				
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	066-1200-100-A92	429	-
Hazard Mitigation Grant (HMGP)	97.039	N/A	127,051	-
Total U.S. Department of Homeland Security			<u>127,480</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,088,453</u>	<u>\$ 161,300</u>

TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

<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	\$ 727,450	\$ -	\$ 977,740
Highway Safety Fund	100-078-6100-051	Open	4,899	-	271,124
Obstruction Tree Removal	480-078-6310-xxx-xxxx	Open	13,335	-	13,335
Total New Jersey Department of Transportation			<u>745,684</u>	<u>-</u>	<u>1,262,199</u>
<u>New Jersey Department of Environmental Protection and Energy</u>					
Clean Communities Act	765-042-4900-004	Various	143,412	-	320,745
Recycling Tonnage Grant	100-042-4910-224	Various	277,206	-	492,995
No Net Loss Reforestation Project Grant	FS14-013	Various	2,658,265	-	2,828,378
Total New Jersey Department of Environmental Protection and Energy			<u>3,078,883</u>	<u>-</u>	<u>3,642,118</u>
<u>New Jersey Department of Law and Public Safety</u>					
Body Armor Grant	718-066-1020-001	Various	11,347	-	56,476
Drunk Driving Enforcement Fund	100-078-6400-xxx	Open	37,645	-	164,264
Safe & Secure Communities	00-066-1020-232	Various	60,000	-	220,975
Total New Jersey Department of Law and Public Safety			<u>108,992</u>	<u>-</u>	<u>441,715</u>
<u>New Jersey Department of Health and Human Services</u>					
Alcohol, Education & Rehabilitation Grant	760-046-4240-001	Various	5,188	-	24,601
Total New Jersey Department of Health and Human Services			<u>5,188</u>	<u>-</u>	<u>24,601</u>
<u>New Jersey Department of Commerce & Economic Development</u>					
Urban Enterprise Zone Assistance Fund:					
Administrative Budget	763-020-2830-034	Various	96,895	-	362,897
Basic Business Tools Training	763-020-2830-034	Various	60,000	-	252,425
Business Attraction Initiative	763-020-2830-034	Various	119,929	-	235,601
Buisness to Business Networking Initiative	763-020-2830-034	Various	83,380	-	152,219
Strand Theatre	763-020-2830-034	Various	42,375	-	692,910
Total Urban Enterprise Zone Assistance Fund			<u>402,579</u>	<u>-</u>	<u>1,696,052</u>
Total New Jersey Department of Commerce & Economic Development			<u>402,579</u>	<u>-</u>	<u>1,696,052</u>
Total Expenditures of State Financial Assistance			<u>\$ 4,341,326</u>	<u>\$ -</u>	<u>\$ 7,066,685</u>

TOWNSHIP OF LAKEWOOD
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

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:

	State	Federal	Total
Current Fund	\$ -	\$ 429	\$ 429
State & Federal Grant Fund	4,341,326	1,088,024	5,429,350
	<hr/>	<hr/>	<hr/>
Total	\$ 4,341,326	\$ 1,088,453	\$ 5,429,779
	<hr/>	<hr/>	<hr/>

TOWNSHIP OF LAKEWOOD
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018.

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, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<div style="text-align: right;">Adverse - GAAP;</div> <div style="text-align: center; border-bottom: 1px solid black;">Unmodified - Regulatory Basis</div>
Internal control over financial reporting:	
1) Material weakness(es) identified?	<div style="display: flex; justify-content: space-between;"> _____ 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	<div style="text-align: center; border-bottom: 1px solid black;">Unmodified - Regulatory Basis</div>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	<div style="display: flex; justify-content: space-between;"> _____ 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="text-align: center; border-bottom: 1px solid black;">\$ 750,000</div>
Auditee qualified as low-risk auditee?	<div style="display: flex; justify-content: space-between;"> _____ yes _____ <u>X</u> no </div>

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

TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

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, 2018**

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

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

FEDERAL AWARDS

No Prior Year Findings.

STATE FINANCIAL ASSISTANCE

No Prior Year Findings.

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TOWNSHIP OF LAKEWOOD

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

<u>Name</u>	<u>Title</u>
Raymond Coles	Mayor
Menashe P. Miller	Deputy Mayor
Albert D. Akerman	Councilmember
Meir Lichtenstein	Councilmember
Michael J. D'Elia	Councilmember
Patrick Donnelly	Interim Municipal 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, 2018.

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, 2018.

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 7, 2018 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
August 6, 2019