LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED OCTOBER 31, 2018 AND 2017

AND

INDEPENDENT AUDITOR'S REPORT

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION
YEARS ENDED OCTOBER 31, 2018 AND 2017

TABLE OF CONTENTS

MOHEL ELLIOTT BAUER & GASS
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FOUNDED IN 1926 BY SIDNEY MOHEL
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INDEPENDENT AUDITOR'S REPORT

Chairman and Commissioners of
Lakewood Township Municipal Utilities Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Lakewood Township Municipal Utilities Authority (the "Authority") as of and for the years ended October 31, 2018 and 2017, which collectively comprise the Authorities basic financial statements as listed in the table of contents and the related notes to the financial statements,

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 generally accepted in the United States of America; this includes 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 audits. We conducted our audits 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 audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Chairman and Commissioners of
Lakewood Township Municipal Utilities Authority

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lakewood Township Municipal Utilities Authority as of October 31, 2018 and 2017, and the changes in financial position and its cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

Change in Accounting Principles

As discussed in the notes to the financial statements, during the year ended October 31, 2018 the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

MOHEL ELLIOTT BAUER & GASS
A PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019, on our consideration of the Lakewood Township Municipal Utilities Authorities 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 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 Lakewood Township Municipal Utilities Authorities internal control over financial reporting and compliance.

Mohel Elliott Bauer & Gass

MOHEL ELLIOTT BAUER & GASS, P.A.
Certified Public Accountant

September 10, 2019
Lakewood, New Jersey

MOHEL ELLIOTT BAUER & GASS

A PROFESSIONAL ASSOCIATION

FOUNDED IN 1926 BY SIDNEY MOHEL

CERTIFIED PUBLIC ACCOUNTANTS

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Chairman and Commissioners of
Lakewood Township Municipal Utilities Authority

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the 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 audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Lakewood Township Municipal Utilities Authorities, as of and for the year ended October 31, 2018, and the related notes to the financial statements which collectively comprise the Lakewood Township Municipal Utilities Authorities basic financial statements, and have issued our report thereon dated September 10, 2019.

Internal Control over Financial Reporting

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

MOHEL ELLIOTT BAUER & GASS

A PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

Chairman and Commissioners of
Lakewood Township Municipal Utilities Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lakewood Township Municipal Utilities Authorities 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 and opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Local Finance Board and 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mohel Elliott Bauer & Gass

MOHEL ELLIOTT BAUER & GASS, P.A.
Certified Public Accountants

September 10, 2019
Lakewood, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED OCTOBER 31, 2018

The Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" issued in June 1999.

Financial Statements

The financial statements included on this report are the statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows as of and for the years ended October 31, 2018 and 2017.

The statements of net position show the financial position of the Lakewood Township Municipal Utilities Authority ("Authority") at October 31st of each year. Assets are compared with liabilities and net position is the result.

The statements of revenues, expenses, and changes in net position measure performance for each year and how this performance impacts the Authority's net position.

Finally, the statements of cash flows demonstrate why cash balances increased or decreased during the year.

Financial Analysis

The Authority, at October 31, 2018, had total assets and deferred outflows of resources of $90,014,073 compared to $89,076,233 at October 31, 2017. The total assets and deferred outflows of resources increased by approximately $937,840 from 2017 to 2018 primarily as a result of the increase in cash and accounts receivable. The Authority, at October 31, 2017, had total assets and deferred outflows of resources of $89,076,233 compared to $88,573,273 at October 31, 2016. The total assets increased by approximately $502,960 from 2016 to 2017 primarily as a result of the decrease of deferred outflows related to pension.

The Authority's liabilities and deferred inflows of resources of $34,513,187 at year end October 31, 2018 decreased from the October 31, 2017 balance of $36,035,399. The liabilities and deferred inflows of resources decreased by approximately by $1,522,212 primarily due to the decrease in the net OPEB liability and deferred inflows of resources offset by a decrease of long-term debt. The Authority's liabilities and deferred inflows of resources of $36,035,399 at year end October 31, 2017 increased from the October 31, 2016 balance of $32,233,169 primarily due to the recording of the net OPEB liability.

In summary, the Authority's net position for the year ended October 31, 2018 reflects a increase of approximately $2,460,052 from 2017. This is due to a net position incease of $1,408,455 and the net increase in Developer expansion of system. The Authority's net position for the year ended October 31, 2017 reflects an decrease of approximately $3,299,270 from 2016, which was due primarily to a net position incease of $1,564,033 offset by a prior period restatement of approximately $4,925,369.

(Continued)

The Authority's activity for the year remained relatively stable from 2017 to 2018, with the exception of prior period restatement. The Authority's net increase for 2018 was $1,113,997 which includes $2,500,241 for annual depreciation and amortization. The decrease in the net increase of approximately $156,000 from 2017 to 2018 was due primarily to a decrease in connection fees and other income of approximately $202,000. The capital contributions received for the year, which represent water and sewer infrastructure that is accepted by the Authority, were $1,967,835 in 2018 compared to $941,932 in 2017. The 2018 increase is primarily due to various developments that were under construction.

The Authority's net increase for 2017 was $1,564,03 which includes $2,381,055 for annual depreciation and amortization. The decrease in the net increase of approximately $251,000 was due primarily to decrease in operating revenues of approximately $572,000, while operating expenses decreased approximately $187,000. The capital contributions received for the year, which represent water and sewer infrastructure that is accepted by the Authority, were $879,866 in 2017 compared to $1,990,194 in 2016. The 2017 decrease is primarily due to various developments that were under construction.

Condensed Financial Information

Key Authority financial information for the years 2018, 2017, and 2016 include the following balances:

Assets

	2018	2017	2016
Unrestricted current assets	$ 16,722,608	$ 15,532,824	$ 14,745,192
Restricted current assets	3,054,966	3,112,395	2,966,436
Property, plant and equipment, net of depreciation	68,364,616	68,246,464	68,429,110
Total assets	88,142,190	86,891,683	86,140,738
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	1,398,075	2,183,383	2,432,535
Deferred outflows related to OPEB	473,808	1,167	-
Total deferred outflow of resources	1,871,883	2,184,550	2,432,535
Total assets and deferred outflow of resources	$ 90,014,073	$ 89,076,233	$ 88,573,273

Liabilities

	2018	2017	2016
Current liabilities payable from current unrestricted assets	$ 2,939,805	$ 2,679,390	$ 2,441,002
Current liabilities payable from current restricted assets	1,727,250	1,786,428	1,863,818
Non-current liabilities	24,557,177	28,760,922	27,204,527
Total liabilities	29,224,232	33,226,740	31,509,347
Deferred Inflow of Resources			
Deferred inflows related to pensions	1,906,530	1,125,811	-
Deferred inflows related to OPEB	2,784,489	1,021,969	-
Gain on loan refundings, net of accumulated amortization	597,936	660,879	723,822
Total deferred inflow of resources	5,288,955	2,808,659	723,822
Net Position			
Contributed capital, net of related accumulated depreciation	23,788,244	22,736,647	22,674,581
Investments in capital assets, net of related debt	31,192,038	30,465,080	28,920,300
Restricted for bond service fund	29,565	79,857	24,329
Restricted for bond reserve fund	441,984	441,984	441,984
Renewal and replacement fund	50,616	50,030	49,878
Unrestricted	(1,561)	(732,764)	4,229,032
Total net position	55,500,886	53,040,834	56,340,104
Total liabilities, deferred inflow of resources and net position	$ 90,014,073	$ 89,076,233	$ 88,573,273

Other Financial Information

	2018	2017	2016
Total operating and non-operating revenues	$ 11,164,992	$ 11,311,606	$ 11,880,909
Total operating and non-operating expenses	9,756,537	9,747,573	10,065,903
Excess of revenues over expenses	$ 1,408,455	$ 1,564,033	$ 1,815,006
Capital additions	$ 2,645,408	$ 2,303,265	$ 7,547,166
Capital contributions	$ 1,967,835	$ 941,932	$ 1,990,194
Bonds paid down	$ 1,526,083	$ 1,480,691	$ 1,524,223
Bonds and notes payable	$ 14,759,521	$ 16,285,604	$ 17,766,295

Authority 2018 operating revenues were above budget expectations by $221,733 mainly due to higher than expected connection fees as compared to 2017. Authority 2017 operating revenues were above budget expectations by $621,834 for similar reasons as 2018.

The Authority's total 2018 operating expenses were under budget by $769,408 for the year due to lower employee benefits than estimated. Additionally professional fees were slightly higher than anticipated due to ongoing legal and engineering matters and repair and maintenance was slightly higher due to unanticipated repairs. The purchased water costs were lower than anticipated while the sewage treatment cost were close to expectations. Transportation costs were lower than expectation due to improved fuel charges and continued preventative maintenance on the Authority fleet. Various other expense lines make up the remainder of the savings.

The Authority's total 2017 operating expenses were under budget by $464,125 for the year due to lower employee benefits than estimated. Additionally professional fees were slightly higher than anticipated due to ongoing engineering matters. The purchased water costs and the sewage treatment cost were lower than anticipated. Transportation costs were lower than expectation due to improved fuel charges and continued preventative maintenance on the Authority fleet. Various other expense lines make up the remainder of the savings.

The Authority's financial report is designed to provide users of the financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The financial statements of the Authority are a matter of public record and may be examined at 390 New Hampshire Avenue, Lakewood, New Jersey during the Authority's business hours.

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
OCTOBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Unrestricted assets:		
Cash and interest bearing accounts	$ 14,124,840	$ 13,091,338
Investments, at fair value	414,888	582,975
Accounts receivable	2,157,922	1,835,997
Accrued interest receivable	12,486	10,278
Prepaid expenses	12,472	12,236
Total unrestricted assets	16,722,608	15,532,824
Restricted assets:		
Construction Fund:		
Cash	474,613	407,526
Investments, at fair value	355,938	398,584
Bond Service Fund:		
Investments, at fair value	1,731,815	1,814,271
Bond Reserve Fund:		
Investments, at fair value	441,984	441,984
Renewal and Replacement Fund:		
Investments, at fair value	50,616	50,030
Total restricted assets	3,054,966	3,112,395
Property, plant and equipment		
Less: accumulated depreciation	68,364,616	68,246,464
Total unrestricted and restricted assets	88,142,190	86,891,683
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows related to pensions	1,398,075	2,183,383
Deferred outflows related to OPEB - Notes	473,808	1,167
Total deferred outflow of resources	1,871,883	2,184,550
	$ 90,014,073	**$ 89,076,233**

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
(Continued)
OCTOBER 31, 2018 AND 2017

	2018	2017
LIABILITIES		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	$ 624,500	$ 480,578
Accrued payroll liabilities	69,228	61,988
Accrued pension liabilities	214,637	228,085
Unearned revenue assignment of cell tower leases	26,625	26,625
Unearned revenue	414,654	401,538
Customers deposits	105,966	105,966
Escrow fund	1,484,195	1,374,610
Total current liabilities payable from unrestricted assets	2,939,805	2,679,390
Current liabilities payable from restricted assets		
Accrued interest payable on revenue bond	189,048	208,330
Revenue bonds payable - current portion	1,513,202	1,526,083
Construction cost payable	25,000	52,015
Total current liabilities payable from restricted assets	1,727,250	1,786,428
Compensated absences	165,623	190,867
Advanced revenue assignment of cell tower leases	986,104	1,012,729
Long-term portion of revenue bonds payable	13,246,319	14,759,521
Premium on revenue bonds payable, net	345,630	378,430
Net pension liability	4,216,288	5,608,668
Net OPEB liability	5,597,213	6,810,707
Total liabilities	29,224,232	33,226,740
DEFERRED INFLOW OF RESOURCES		
Deferred inflows related to pensions	1,906,530	1,125,811
Deferred inflows related to OPEB	2,784,489	1,021,969
Gain on loan refundings, net of accumulated amortization	597,936	660,879
Total deferred inflow of resources	5,288,955	2,808,659
NET POSITION		
Contributed capital		
Less: accumulated depreciation	23,788,244	22,736,647
Restricted for:		
Construction Fund	31,192,038	30,465,080
Bond Service Fund	29,565	79,857
Bond Reserve Fund	441,984	441,984
Renewal and Replacement Fund	50,616	50,030
Unrestricted:		
Unrestricted Fund	(1,561)	(732,764)
Total Net Position	$ **55,500,886**	$ **53,040,834**

The accompanying notes are an integral part of these financial statements

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
Operating revenues:		
Water and sewer service charges	$ 10,241,605	$ 10,247,163
Connection fees	502,597	802,259
Other income	272,265	174,716
Total operating revenues	11,016,467	11,224,138
Operating expenses:		
Personnel services	1,903,877	1,852,686
Employee benefits	1,278,179	1,644,331
Administrative	673,617	638,467
Operations and maintenance	4,015,215	3,771,859
Depreciation	2,500,241	2,381,055
Total operating expenses	10,371,129	10,288,398
Operating income	645,338	935,740
Other income (expense):		
Investment income	148,525	87,468
Bond interest expense	(301,646)	(339,041)
Income (before transfer of depreciation on assets purchased with contributed capital)	492,217	684,167
Transfer of depreciation to contributed capital	916,238	879,866
Change in net position	1,408,455	1,564,033
Restricted and unrestricted net position - beginning of year	30,304,187	33,665,523
Prior period restatement	-	(4,925,369)
Restricted and unrestricted net position - end of year	31,712,642	30,304,187
Contributed capital - beginning of year	22,736,647	22,674,581
Developer expansion of system	1,967,835	941,932
Transfer of depreciation from operations to contributed capital	(916,238)	(879,866)
Contributed capital - end of year	23,788,244	22,736,647
Total net position - end of year	$ 55,500,886	$ 53,040,834

The accompanying notes are an integral part of these financial statements

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Cash received from customers	$ 10,681,033	$ 11,144,390
Cash paid to suppliers and employees	(7,508,622)	(7,399,569)
Investment income - received	146,317	86,130
Bond interest expense - paid	(416,671)	(452,710)
Increase (decrease) in escrow funds	109,585	336,120
Net cash provided by operating activities	3,011,642	3,714,361
Cash flows from investing activities:		
Capital expenditures	(2,645,408)	(2,303,265)
Purchase of investments	(2,828,543)	(3,060,952)
Sale/maturity of investments	3,121,146	3,181,065
Net cash used in investing activities	(2,352,805)	(2,183,152)
Cash flows from financing activities:		
Developer expansion of system	1,967,835	941,932
Principal redemption of long-term debt	(1,526,083)	(1,480,691)
Net cash provided (used) by financing activities	441,752	(538,759)
Net increase in cash and cash equivalents	1,100,589	992,450
Cash and cash equivalents at beginning of year	13,498,864	12,506,414
Cash and cash equivalents at end of year	$ 14,599,453	$ 13,498,864

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF CASH FLOWS
(Continued)
YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
Change in net position	$ 1,408,455	$ 1,564,033
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation, net of transfer to contributed capital	1,584,003	1,501,189
Unbudgeted pension expense - non cash item	173,647	441,620
Unbudgeted OPEB expense - non cash item	76,385	208,593
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(321,925)	(59,088)
Accrued interest receivable	(2,208)	(1,338)
Prepaid expenses	(236)	(828)
Increase (decrease) in:		
Accounts payable and accrued liabilities	143,922	(139,309)
Accrued payroll liabilities	7,240	5,678
Accrued pension liabilities	(13,448)	29,934
Compensated absences	(25,244)	(37,914)
Unearned revenue assignment of cell tower leases	(26,625)	(26,625)
Unearned billings	13,116	5,965
Escrow funds	109,585	336,120
Accrued interest payable on revenue bonds	(19,282)	(17,926)
Amortization on gain loan refunding's	(62,943)	(62,943)
Premium on revenue bonds payable	(32,800)	(32,800)
Total adjustments	1,603,187	2,150,328
Net cash provided by operating activities	$ 3,011,642	$ 3,714,361

NOTE 1 - NATURE OF ORGANIZATION

The Lakewood Township Municipal Utilities Authority was created by ordinance of the Township of Lakewood dated July 22, 1971 and as amended on August 12, 1971.

The purposes of which the Authority was created include the acquisition and/or construction of plants and distribution systems to provide an adequate supply of water and the acquisition and/or construction of sewer facilities for the disposition and treatment of sewerage for the relief of waters from pollution.

New Jersey statutes provide for the creation, dissolution and operation of separate bodies corporate and politic for the purpose of fostering the provision and distribution of an adequate supply of water and the collection, treatment, disposal and recycling of wastewater and sewerage sludge. The statutes were enacted as the "Municipal and Counties Utilities Authorities Act", and are codified in New Jersey Statutes Annotated as N.J.S.A. 40:14B-1 et seq. Additional statutory requirements relating to the financial operations of independent local authorities were established as the "Local Authorities Fiscal Control Law", which is codified as N.J.S.A. 40A:5A-1 et seq. The provisions of the Local Authorities Fiscal Control Law established the Local Finance Board and the Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, as oversight agencies for the creation, project financing, budgeting and overall financial condition of local authorities.

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

The Authority is considered to be a "Component Unit" of the Township of Lakewood under accounting principles generally accepted in the United States of America (GAAP). This determination is based on the oversight responsibility of the Township, which manifests itself primarily in the selection of members of the Authority and on accountability for fiscal matters.

The powers of the Authority are exercised by a governing body or Board composed of five members and two alternates.

Members of the Board are as follows:

	Term Expires
Senator Robert W. Singer, Chairman	January 31, 2021
Raymond Coles, Vice Chairman	January 31, 2024
Anne Fish, Assistant Secretary	January 31, 2023
Craig Theibault, Treasurer	January 31, 2020
P.G. Waxman, Commissioner	January 31, 2020
Sam Flancbaum, Alternate Commissioner	January 31, 2024
Meir Lichtenstein, Alternate Commissioner	January 31, 2020

Justin Flancbaum, Executive Director

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles ("GAAP") applicable to enterprise funds of state and local governments.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the year ended October 31, 2018, the Authority implemented the provisions of GASB 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-Employee Plans , for OPEB Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial* reporting requirements for OPEB Plans. This Statement will

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow or outflow of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for capital activity; restricted for debt service; and unrestricted components.

B. Budgetary Accounting

Each year the Authority adopts a budget which is approved by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The budget may be amended by resolution of the Board of Commissioners of the Authority. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

C. Accounts Receivable

The Authority bills its customers quarterly based on actual usage. No allowance for doubtful accounts is deemed necessary as the Authority places its delinquent accounts on tax sale once a year.

D. Inventory

Inventory consists principally of chemicals for the treatment of water, spare parts and other equipment, and recorded as expenditures when they are acquired, regardless of when used.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

Costs of the water and sewer systems incurred to date consist of facilities constructed or acquired, cost of acquisition of land, easements and rights-of-way, costs incidental to such construction or acquisitions, including engineering and inspection fees, costs of equipment, administrative and legal expenses, facilities contributed to the Authority by developers , and interest on bonds incurred during the period of construction.

Depreciation is calculated utilizing the straight-line method for financial reporting purposes. Depreciation on assets acquired with grants-in-aid is recorded as a reduction of contributed capital.

F. Statement of Cash Flows

For the purpose of the statement of cash flows, the Authority considers investments with maturities of three months or less to be cash equivalents.

G. Investment Securities

State laws authorize the Authority to invest in obligations of the U.S. Treasury and other instruments allowed under N.J.S. 40A: 5-14. Cash and investments include bank balances and investments that, at the balance sheet date, were entirely insured. Investments are shown at cost or amortized cost plus accrued interest shown under a separate caption.

H. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ.

I. Escrow Funds

Monies required from contractors to assure performance. Deposits are retained in the account until the contractor satisfies all outstanding debts to the Authority and/or at the end of one year the engineer recommends release of the monies and acceptance of the project.

J. Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform with the 2018 presentation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such services are rendered or in which such events take place.

L. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the Authority is eligible to realize the revenue

M. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities or result from non-exchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Authority's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

N. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

O. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Impact of Recently Issued Account Principles

Adopted Accounting Pronouncements

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement will become effective for the Authority in the fiscal year ending December 31, 2020. Management has not yet determined the impact of this Statement on the financial statements.

Q. Fair Value Measurement

The Authority categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy , the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II - Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Authority may premeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the Authority in estimating the fair value of its financial instruments:

Certificate of Deposit: Valued at the net asset value (NAV) at year end when the NAV is valued at $1 per unit.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Subsequent Events

Lakewood Township Municipal Utilities Authority has evaluated subsequent events occurring after the Statement of Net Position date through September 10, 2019, which is the date the financial statements were available to be issued.

NOTE 3 - CONTRIBUTED CAPITAL

On September 22, 1987, the Lakewood Township Municipal Utilities Authority accepted a grant from the Economic Development Administration, U.S. Department of Commerce in an amount not to exceed $521,000. The grant was used to provide assistance in the construction of a new water supply well and water treatment facility.

Construction grant in the amount of $300,000 was provided by the Township of Lakewood, Lakewood Industrial Commission, to help defray cost of the expansion of the Authority's facilities in order to assure an adequate water supply and treatment facility for the Lakewood Industrial Campus.

A non-refundable contribution in the amount of $835,000 was provided by Lakewood Cogeneration, L.P. The contribution will be used towards the construction of the relocated wells and/or other related future plant facilities.

A contribution in the amount of $56,061 was received from New Jersey Spill Compensation Fund. These monies were used to provide assistance in the construction of the Locust Street and Vermont Avenue water main extensions.

Developer expansion of the Authority's water distribution and sewer sanitary collection systems.

	2018	2017
Economic Development Administration	$ 521,000	$ 521,000
Township of Lakewood	300,000	300,000
Lakewood Cogeneration, L.P.	835,000	835,000
New Jersey Spill Compensation Fund	56,061	56,061
Developer expansion of system	35,899,090	33,931,255
	37,611,151	35,643,316
Less: accumulated depreciation	13,822,907	12,906,669
	$ 23,788,244	$ 22,736,647

NOTE 4 - SIGNIFICANT TRUST AGREEMENT AND BOND RESOLUTION REQUIREMENTS

In accordance with the 1997 bond resolution and the 1986 and 1993 supplemental bond resolutions, the Authority has established the following cash and investment funds for the deposit of all revenues received by the Authority:

Funds	Amount	Use For Which Restricted
Revenue	All revenues received by the Authority.	Authorized operating expenses and, as of the first day of each month, transfers to the various funds described below.
General	Any extent.	Authorized expenditures and transfers to the various funds.
Construction	Proceeds of debt issued and construction grants - in aid.	Construction costs of the system.
Bond Service (Current Debt Service)	Amount needed to pay principal and interest due on or before the first day of May and November.	Principal and interest on the bonds.
Bond Reserve (Future Debt Service)	Amount needed to equal the greatest amount of debt service due in any bond year.	Transfers to meet minimum levels required in the bond service or sinking funds. Any excess may be transferred into the renewal and replacement fund.
Renewal and Replacement	Amount needed to increase the balance to equal the renewal and replacement requirements as defined by the resolution.	Transfers to meet minimum levels required in the bond service, sinking or bond reserve funds or major repairs, renewals and extensions of the system.

NOTE 5 - CASH AND CASH EQUIVALENTS

The Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at October 31, 2018 and 2017, and reported at fair value are shown below.

	2018	2017
Deposits:		
Demand deposits	$ 17,594,694	$ 16,786,708
Total deposits	$ 17,594,694	$ 16,786,708
Reconciliation to Statements of Net Position:		
Current unrestricted assets:		
Cash	$ 14,539,728	$ 13,674,313
Current restricted assets:		
Cash	3,054,966	3,112,395
Total	$ 17,594,694	$ 16,786,708

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of October 31, 2018 and 2017, the Authority's bank balances of $17,594,694 and $16,786,708 and was insured or collateralized as follows:

	2018	2017
Insured	$ 2,995,241	$ 3,287,844
Collaterized in the Authority's names Under GUDPA	14,599,453	13,498,864
Total	$ 17,594,694	$ 16,786,708

NOTE 6 - INVESTMENTS

A. Custodial Credit Risk

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

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

C. Investment Credit Risk

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

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

NOTE 6 -: INVESTMENTS (Continued)

Investments in securities are presented in the financial statements at fair value.

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
UNRESTRICTED FUNDS:				
REVENUE FUND				
State of New Jersey Cash Management Funds	$ 69,106	$ 69,106	$ 67,984	$ 67,984
JP Morgan, U.S. Treasury Plus Premier, Money Market Fund	254,625	254,625	424,889	424,889
	323,731	323,731	492,873	492,873
GENERAL FUND				
JP Morgan, U.S. Treasury Plus Premier, Money Market Fund	91,157	91,157	90,102	90,102
	414,888	414,888	582,975	582,975
RESTRICTED FUNDS:				
CONSTRUCTION FUND				
JP Morgan, U.S. Treasury Plus Premier, Money Market Fund	355,938	355,938	352,569	352,569
State of New Jersey NJEIT Funds Held in Trust	-	-	46,015	46,015
	355,938	355,938	398,584	398,584
BOND SERVICE FUND				
JP Morgan, U.S. Treasury Plus Premier, Money Market Fund	1,731,815	1,731,815	1,814,271	1,814,271
BOND RESERVE FUND				
U.S. Treasury Bond Slug, 4.04547%, due 11/01/21	441,984	441,984	441,984	441,984
	441,984	441,984	441,984	441,984
RENEWAL AND REPLACEMENT FUND				
JP Morgan, U.S. Treasury Plus Premier, Money Market Fund	50,616	50,616	50,030	50,030
	$ 2,995,241	$ 2,995,241	$ 3,287,844	$ 3,287,844

NOTE 7 - REVENUE BONDS

2018 Revenue Bonds

	Series 2002 Refunding 2007B	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Total
Trust Loan	$ 956,724	$ 5,642,000	$ 805,000	$ 595,000	$ 7,998,724
Fund Loan	652,514	4,133,620	558,705	1,415,958	6,760,797
	1,609,238	9,775,620	1,363,705	2,010,958	14,759,521
Less: current portion	387,808	863,990	96,184	165,220	1,513,202
	$ 1,221,430	$ 8,911,630	$ 1,267,521	$ 1,845,738	$ 13,246,319

2017 Revenue Bonds

	Series 2002 Refunding 2007B	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Total
Trust Loan	$ 1,166,004	$ 6,122,000	$ 850,000	$ 630,000	$ 8,768,004
Fund Loan	814,416	4,547,116	609,889	1,546,179	7,517,600
	1,980,420	10,669,116	1,459,889	2,176,179	16,285,604
Less: current portion	371,182	893,497	96,184	165,220	1,526,083
	$ 1,609,238	$ 9,775,619	$ 1,363,705	$ 2,010,959	$ 14,759,521

Maturities of the debt for each of the succeeding five years are as follows:

Year ended October 31,	Series 2002 Refunding 2007B	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Total
2019	$ 387,808	$ 863,990	$ 96,184	$ 165,220	$ 1,513,202
2020	396,388	885,244	101,184	165,220	1,548,036
2021	404,671	909,663	101,184	170,220	1,585,738
2022	420,371	933,269	106,184	170,220	1,630,044
2023	-	956,060	106,184	170,220	1,232,464
Thereafter	-	5,227,394	852,785	1,169,858	7,250,037
	$ 1,609,238	$ 9,775,620	$ 1,363,705	$ 2,010,958	$ 14,759,521

On November 7, 2002, the Lakewood Township Municipal Utilities Authority authorized the issuance of $6,461,230 Series 2002 Revenue Bonds for the purpose of providing funds for the replacement of the existing Shorrock Street Treatment Plant with the construction of a new facility and the construction of a 3.0 MG ground level storage tack and pump station. In 2007 NJEIT 2007B Refunding Bonds were issued. The bonds interest payments are semiannual on May 1 and November 1 of each year.

On November 6, 2008, the Lakewood Township Municipal Utilities Authority authorized the issuance of Series 2008 Revenue Bonds of 16,369,580 for the purpose of providing funds for the replacement of the Airport Road water storage tank, upgrade and the expansion of the New Hampshire Avenue treatment plant, construction of well no. 17 with ASR capability, install well pump and motor in well no. 4, construction of Cedar Bridge raw water main and renovation of the Authority's administration building. In 2016 NJEIT 2016A-R1 Refunding Bonds were issued.

(Continued)

NOTE 7 - REVENUE BONDS (Continued)

On May 3, 2012, the Lakewood Township Municipal Utilities Authority authorized the issuance of Series 2012 Revenue Bonds of $1,995,430 for the purpose of providing supplemental additional funds for the replacement of the Airport Road water storage tank, upgrade and the expansion of the New Hampshire Avenue treatment plant, construction of well no. 17 with ASR capability, install well pump and motor in well no. 4, construction of Cedar Bridge raw water main and renovation of the Authority's administration building.

On May 3, 2012, the Lakewood Township Municipal Utilities Authority authorized the issuance of Series 2012 Revenue Bonds of $3,205,781 for the purpose of providing funds for the replacement and upgrading the utility billing meters through out the Authorities service area. This included integration of the new meters into an Automated Metering Infrastructure.

Bond interest expense consists of the following:

	2018	2017
Revenue Bonds Series 2002	$ 53,067	$ 63,337
Revenue Bonds Series 2008	284,175	307,550
Revenue Bonds Series 2012 - Supplemental	34,506	36,631
Revenue Bonds Series 2012 - Meter	25,641	27,266
Amortization gain loan refunding's	(62,943)	(62,943)
Amortize premium on revenue bonds	(32,800)	(32,800)
Bond interest expense	$ 301,646	$ 339,041

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	2018	2017	Estimated Useful Lives Years
Land	$ 76,445	$ 76,445	--
Water and sewer system	95,557,948	91,966,365	40-75
Office building and garage	1,491,416	1,491,416	5-40
Other equipment	183,642	110,466	5-7
Transportation equipment	539,896	388,982	5
Construction in progress	1,289,197	2,486,477	--
	99,138,544	96,520,151	
Less: accumulated depreciation	30,773,928	28,273,687	
	$ 68,364,616	$ 68,246,464	

NOTE 9 - OCUA CREDIT/DEFICIENCY

The Authority makes quarterly payments to the Ocean County Utilities Authority (OCUA) for the treatment of its sewerage. These payments are based on gallons sent for treatment and are estimated billings. After the calendar year is over, in accordance with a service agreement executed by the parties, a final invoice is sent by the OCUA based upon actual flows.

At the end of the year, the OCUA is required to provide the Authority with a "Deficiency Notification" in accordance with Articles V and IX of the Service Agreement. The credit or (deficiency) is computed by taking the actual flows for the year and comparing this number to the estimated flows. The Authority has recorded a deficiency in the amount of $246,411 and $121,118 for the years ended October 31, 2018 and 2017, respectively. These deficiency's are recorded as expenses. Credits are recorded as revenue when received and deficiencies are recorded as expenses when billed.

NOTE 10 - DEFERRED COMPENSATION PROGRAM

The Authority offers its employees a Deferred Compensation Plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The Authority does not make contributions to the Plan for the benefit of its employees.

During December 1998, the Authority, in accordance with Internal Revenue Code 457, amended the Deferred Compensation Plan to establish an exclusive benefit trust whereby all Plan investments are held for the exclusive benefit of the Plan's participants and beneficiaries and are not subject to the claims of the Authority's general creditors. As such, the Deferred Compensation Plan amounts as of October 31, 2018 and 2017 are not reflected on the Authority's statements of net position.

NOTE 11 - RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority is a member of the New Jersey Utilities Authorities Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of 80 authorities 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 which has a contract for excess insurance. There were no settlements in excess of insurance coverage for 2018, 2017, or 2016.

NOTE 12 - UNEARNED REVENUE EASEMENT AND ASSIGNMENT OF CELL TOWER LEASES

The Lakewood Township Municipal Utilities Authority has entered into a agreement with LD Holdings, LLC to purchase easement and the assignment of rental lease agreements with cellular carriers. Term of leases is forty (40) years commencing in 2012. The purchase price paid at closing was $725,000. The purchase price is being amortized over four hundred eighty (480) months at $1,510 per month.

The Lakewood Township Municipal Utilities Authority has entered into an agreement with SBA Site Management, LLC to purchase easement and the assignment of rental lease agreements with cellular carriers. Term of leases is fifty (50) years commencing in 2016. The purchase price paid at closing was $425,000. The purchase price is being amortized over six hundred (600) months at $708 per month.

NOTE 13 - PENDING LITIGATION

There are actions, which have been instituted against the Board. The outcomes of these cases cannot be determined at the present. The final outcomes if unavailable to the Board, will be covered through insurance or the budgetary process.

NOTE 14- PRIOR PERIOD ADJUSTMENT/RESTATEMENT OF NET POSITION

Net position as of October 31, 2017 has been restated as follows for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

	Governmental Activities
Net position as previously reported at October 31, 2017	$ 57,966,203
Prior period adjustment - Implementation of GASB 75:	
Net Pension Liability (measurement date as of June 30, 2017)	(6,810,707)
Accrued post-employment benefit plan GASB 45	1,352,640
Accrued unfunded post-employment benefit plan GASB 45	1,553,500
Deferred Outflows (measurement date as of June 30, 2017)	1,167
Deferred Inflows (measurement date as of June 30, 2017)	(1,021,969)
Total prior period adjustment	(4,925,369)
Net Position as restated, October 31, 2017	$ 53,040,834

NOTE 15 - PENSION PLAN

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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4, 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 amounts presented in the 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.

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

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 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 an accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with full payment and any such amounts were not included in their unfunded liability. The actuaries determine the unfunded liability of the systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and were adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - As of October 31, 2018, the District reported a liability of $4,216,288 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on the ratio of the District's contributions to the total contributions to PERS during the measurement period July 1, 2017 through June 30, 2018. The District's proportion measured as of June 30, 2018 was .02141%. This was an increase from its proportion measured as of June 30, 2017 of .003%.

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Collective Balances as of October 31, 2018 and 2017

	2018	2017
Actuarial valuation date	July 1, 2017	July 1, 2016
Deferred outflows of resources	$ 1,398,075	$ 2,183,383
Deferred inflows of resources	$ 1,906,530	$ 1,125,811
Net pension liability	$ 4,216,288	$ 5,608,668
Authority's portion of the plan's total net pension liability	0.02141%	0.02409%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended October 31, 2018, the Authority recognized pension expense of $386,645. As of October 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 694,774	$ 1,348,145
Net difference between expected and actual experience	80,405	21,741
Net difference between projected and actual earnings on pension plan investments	-	39,549
Changes in proportion and differences between Authority contributions and proportionate share of contributions	622,896	497,095
Total	$ 1,398,075	$ 1,906,530

Amounts allocated as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense as follows:

Year Ended June 30:	PERS
2019	$ 20,516
2020	(35,161)
2021	(225,521)
2022	(202,052)
2023	(66,237)
Total	$ (508,455)

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience		
Year of Plension 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 in Assumptions		
Year of Plension 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 Plension 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 Difference between Authority's Contributions and Proportionate Contributions		
Year of Plension 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

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Actuarial Assumptions - The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Measurement date	June 30, 2018
Actuarial valuation date	July 1, 2017
Inflation rate	2.25%
Salary increases based on age:	
Through 2026	1.65 - 4.15%
Thereafter	2.65 - 5.15%
Investment rate of return	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the conduent 2014 projection scale. 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 real rates of return for each major asset class included PERS's target asset allocation as of June 30, 2018 are summarized in the following table.

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 estate	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%
	100.00%	

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 municipal 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. 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the Authority'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 (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Authority's proportionate share of the net pension liability	$ 5,069,045	$ 4,216,288	$ 3,501,310

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS

State Health Benefit Local Government Retired Employees Plan:

Plan Description - 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 9CAFR), 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) retried 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 of locally administered retirement system a nd 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 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 form 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 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.

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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 amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such presentation 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.

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB lability, 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 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, 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 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 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 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 if 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.

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

Components of Net OPEB Liability - As of December 31, 2018, the District reported a liability of $5,597,213 for its proportionate share of the net OPEB liability.

	June 30, 2018
Total OPEB liability	$ 5,709,694
Plan fiduciary net position	112,481
Net OPEB liability	$ 5,597,213
Plan fiduciary net position as a percentage of the total OPEB liability	1.97%

The total OPEB labiality was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PERS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014 respectively.

100% of active members are considered to participate in the Plan upon retirement.

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate - The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

At 1% decrease (2.87%)	At discount rate (3.87%)	At 1% increase (4.87%)
$6,567,011	$5,597,213	$4,822,566

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate - The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher that the current rate:

1% decrease	Healthcare cost trend rate	1% increase
$4,668,972	$5,597,213	$6,798,493

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Additional Information - The following is a summary of the deferred outflows of resources, deferred inflows of resources, and Net OPEB liability balances as of June 30, 2018 and June 30, 2017:

Balances at October 31, 2018 and October 31, 2017

	10/31/2018	10/31/2017
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	$ 473,808	$ 1,167
Deferred Inflows of Resources	2,784,489	1,021,969
Net OPEB Liability	5,597,213	6,810,707
Authority's portion of the Plan's total Net OPEB Liability	0.03573%	0.03336%

OPEB Deferred Outflows/Inflows of Resurces - At October 31, 2018, the Authority's proportionate share of the OPEB outflows and inflows, calculated by the plan as of June 30, 2018 measurement date is $473,808 and $2,784,489, respectively. At October 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Amortization period	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	8.14 years	$ -	$ 1,136,434
Change of assumptions	8.14 years	-	1,419,806
Differences between projected actual investment earnings on OPEB plan investments	5 years	2,958	-
Changes in Proportion	8.14 years	470,850	228,249
		$ 473,808	$ 2,784,489

These amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2019	$ (283,867)
2020	(283,867)
2021	(283,867)
2022	(283,867)
2023	(283,867)
Thereafter	(891,346)
	$ (2,310,681)

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense:

The components of allocable OPEB expense, which excludes OPEB expense related to specific liabilities of individual employers, for the year ending June 30, 2018 are as follows:

Service cost	$ 361,583
Interest on total OPEB liability	308,266
Expected investment return	(3,788)
Administrative expense	3,309
Current period recognition (amortization) of deferred inflows/outflows of resources:	
Differences between expected and actual experience	(179,737)
Changes of assumptions	(244,560)
Differences between projected and actual investment earnings on OPEB plan investments	924
Total OPEB expense	$ 245,997

REQUIRED SUPPLEMENTARY INFORMATION

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Measurement Date Ended June 30,					
	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.02141%	0.02409%	0.02209%	0.02060%	0.01792%	0.01667%
Authority's Proportionate Share of the Net Pension Liability	$ 4,216,288	$ 5,608,668	$ 6,542,011	$ 4,623,328	$ 3,355,593	$ 3,185,130
Authority's Covered-Employee Payroll	$ 1,670,415	$ 1,666,927	$ 1,531,543	$ 1,355,328	$ 1,203,329	$ 1,146,351
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	252.41%	336.47%	427.15%	341.12%	278.86%	277.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.37%	48.10%	40.14%	47.93%	52.08%	48.72%

*** This schedule is presented to illustrate the requirement to show information for ten years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	For the year ended October 31,					
	2018	2017	2016	2015	2014	2013
Authority's Contractually Required Contribution	$ 212,999	$ 223,204	$ 196,232	$ 177,068	$ 147,751	$ 125,572
Authority's Contribution in Relation to the Contractually Required Contribution	212,999	223,204	196,232	177,068	147,751	125,572
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 1,740,435	$ 1,670,415	$ 1,666,927	$ 1,531,543	$ 1,355,328	$ 1,203,329
Authority's Contributions as a Percentage of it's Covered-Employee Payroll	12.24%	13.36%	11.77%	11.56%	10.90%	10.44%

*** This schedule is presented to illustrate the requirement to show information for ten years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

LAST TEN FISCAL YEARS

	Measurement Date Ended June 30,		
	2018	**2017**	**2016**
Authority's Proportion of the Net Other Postemployment Benefits Liability	0.03573%	0.03336%	0.03476%
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability	$ 5,597,213	$ 6,810,707	$ 7,548,773
Authority's Covered-Employee Payroll	$ 1,670,415	$ 1,666,927	$ 1,531,543
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability as a Percentage of it's Covered-Employee Payroll	335.08%	408.58%	492.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1.97%	1.03%	0.69%

*** This schedule is presented to illustrate the requirement to show information for ten years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
OCTOBER 31, 2018

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017, to 5.66% as of June 30, 2018.

State Health Benefit Local Retired Employees Plan (OPEB)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018.

SUPPLEMENTAL INFORMATION

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES (BUDGET VS. ACTUAL)
YEAR ENDED OCTOBER 31, 2018

	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)
Operating revenues:						
Water and sewer service charges	$ 5,747,413	$ 4,750,261	$ 10,497,674	$ 10,497,674	$ 10,241,605	$ (256,069)
Connection fees	111,342	47,718	159,060	159,060	502,597	343,537
Other income	74,000	64,000	138,000	138,000	272,265	134,265
Total operating revenues	5,932,755	4,861,979	10,794,734	10,794,734	11,016,467	221,733
Cost of Providing Services:						
Personnel Services:						
Plant & distribution	680,598	291,685	972,283	992,283	990,397	1,886
Administration	325,358	325,360	650,718	700,718	698,618	2,100
Engineering	118,030	118,030	236,060	236,060	179,862	56,198
Commissioners	17,500	17,500	35,000	35,000	35,000	-
	1,141,486	752,575	1,894,061	1,964,061	1,903,877	60,184
Employee Benefits:						
Health insurance	608,165	412,246	1,020,411	590,911	639,030	(48,119)
Pension expense	449,981	295,832	745,813	415,813	388,284	27,529
Post employment benefit plan	136,684	94,393	231,077	441,077	76,385	364,692
Payroll taxes	103,186	73,248	176,434	176,434	144,550	31,884
Workman's compensation insurance	16,550	11,950	28,500	30,500	29,930	570
	1,314,566	887,669	2,202,235	1,654,735	1,278,179	376,556
Administrative:						
Office costs	10,000	10,000	20,000	20,000	19,356	644
Postage & advertising notices	20,000	20,000	40,000	40,000	23,451	16,549
Bank fees	2,500	2,500	5,000	5,000	3,427	1,573
Licenses and taxes	45,000	5,000	50,000	75,000	71,724	3,276
Insurance	45,000	30,000	75,000	75,000	44,666	30,334
Legal	5,000	5,000	10,000	55,000	51,731	3,269
Engineering	42,500	7,500	50,000	150,000	144,866	5,134
Accounting and actuary	42,500	42,500	85,000	85,000	68,770	16,230
Dues, publications and seminars	43,200	1,800	45,000	45,000	9,828	35,172
Repairs and maintenances	12,500	12,500	25,000	60,000	55,797	4,203
Telephone	37,500	37,500	75,000	75,000	23,915	51,085
Computer costs	12,500	12,500	25,000	80,000	75,326	4,674
Trustee fees	25,000	25,000	50,000	55,000	54,340	660
Sundry	5,000	5,000	10,000	27,000	26,420	580
	348,200	216,800	565,000	847,000	673,617	173,383

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES (BUDGET VS. ACTUAL)
(Continued)
YEAR ENDED OCTOBER 31, 2018

	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)
Operations and Maintenance:						
Ocean County Utilities Authority	-	2,574,000	2,574,000	2,575,500	2,575,433	67
Purchased water	375,000	-	375,000	375,000	297,637	77,363
Utilities - electric & gas	312,000	78,000	390,000	390,000	386,642	3,358
Chemicals and supplies	178,500	31,500	210,000	210,000	187,638	22,362
Laboratory tests	30,000	-	30,000	46,000	45,800	200
Repairs and maintenance	165,000	110,000	275,000	441,000	440,579	421
Vehicle costs	33,000	22,000	55,000	55,000	26,478	28,522
Tools, small equipment & uniforms	9,000	6,000	15,000	27,000	26,216	784
Meter costs	30,000	20,000	50,000	50,000	28,792	21,208
Other	3,000	2,000	5,000	5,000	-	5,000
	1,135,500	2,843,500	3,979,000	4,174,500	4,015,215	159,285
Total Cost of Providing Services	3,939,752	4,700,544	8,640,296	8,640,296	7,870,888	769,408
Other Costs Funded By Revenue:						
Principal Maturity	1,407,733	118,350	1,526,083	1,526,083	1,526,083	-
Total Costs Funded By Operating Revenues	5,347,485	4,818,894	10,166,379	10,166,379	9,396,971	769,408
Net Operating Revenues	585,270	43,085	628,355	628,355	1,619,496	991,141
Non-Operating Revenue/(Expenses):						
Investment income	32,500	32,500	65,000	65,000	148,525	83,525
Bond interest expense	(373,202)	(24,187)	(397,389)	(397,389)	(301,646)	95,743
Depreciation	-	-	-	-	(2,500,241)	(2,500,241)
	(340,702)	8,313	(332,389)	(332,389)	(2,653,362)	(2,320,973)
Excess (Deficiency) of Revenues Over Expenses	$ 244,568	$ 51,398	$ 295,966	$ 295,966	$ (1,033,866)	$ (1,329,832)

Reconciliation of Budgetary Basis to Net Income

Excess (Deficiency) of Revenues Over Expenses	$ (1,033,866)
Adjustments to Budgetary Basis:	
Principal Maturities	1,526,083
Net Income Before Contributions	$ 492,217

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

BUDGETARY COMPARISON SCHEDULE OF WATER OPERATIONS
YEAR ENDED OCTOBER 31, 2018

	Budgeted Amounts Original (Unaudited)	Budgeted Amounts Final (Unaudited)	Actual Budgetary Basis	Variance with Final Budget Positive(Negative)
OPERATING REVENUES:				
Water service charges	$ 5,747,413	$ 5,747,413	$ 5,522,309	$ (225,104)
Connection fees	111,342	111,342	357,437	246,095
Other income	74,000	74,000	129,291	55,291
Total operating revenues	5,932,755	5,932,755	6,009,037	76,282
COST OF OPERATIONS:				
Personnel services	1,141,486	1,176,486	1,150,018	26,468
Employee benefits	1,314,566	1,040,816	759,069	281,747
Administrative	348,200	489,200	431,128	58,072
Operations and maintenance	1,135,500	1,233,250	1,078,961	154,289
Depreciation, net			1,800,174	(1,800,174)
Total cost of operations	3,939,752	3,939,752	5,219,350	(1,279,598)
Operating profit	1,993,003	1,993,003	789,687	(1,203,316)
OTHER INCOME (EXPENSE):				
Investment income	32,500	32,500	74,263	41,763
Amortization			29,638	29,638
Net income available for debt service	2,025,503	2,025,503	893,588	(1,131,915)
DEBT SERVICE COSTS:				
Bond interest expense	373,202	373,202	312,566	(60,636)
Bond redemption	1,407,733	1,407,733	-	(1,407,733)
Total debt service costs	1,780,935	1,780,935	312,566	(1,468,369)
CAPITAL OUTLAYS	5,049,500	5,049,500	1,364,874	3,684,626
Excess (deficiency) of revenues over expenditures, debt service and capital outlays	$ (4,804,932)	$ (4,804,932)	$ (783,852)	$ 4,021,080

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

BUDGETARY COMPARISON SCHEDULE OF SEWER OPERATIONS
YEAR ENDED OCTOBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original (Unaudited)	Final (Unaudited)	Budgetary Basis	Positive(Negative)
OPERATING REVENUES:				
Sewer service charges	$ 4,750,261	$ 4,750,261	$ 4,719,296	$ (30,965)
Connection fees	47,718	47,718	145,160	97,442
Other income	64,000	64,000	142,974	78,974
Total operating revenues	4,861,979	4,861,979	5,007,430	145,451
COST OF OPERATIONS:				
Personnel services	752,575	787,575	753,859	33,716
Employee benefits	887,669	583,919	519,110	64,809
Administrative	216,800	357,800	242,489	115,311
Operations and maintenance	2,843,500	2,971,250	2,936,254	34,996
Depreciation net			700,067	(700,067)
Total cost of operations	4,700,544	4,700,544	5,151,779	(451,235)
Operating profit	161,435	161,435	(144,349)	(305,784)
OTHER INCOME (EXPENSE):				
Investment income	32,500	32,500	74,262	41,762
Amortization			3,162	3,162
Net income available for debt service	193,935	193,935	(66,925)	(260,860)
DEBT SERVICE COSTS:				
Bond interest expense	24,187	24,187	21,880	(2,307)
Bond redemption	118,350	118,350	-	(118,350)
Total debt service costs	142,537	142,537	21,880	(120,657)
CAPITAL OUTLAYS	4,218,000	4,218,000	1,280,534	2,937,466
Excess (deficiency) of revenues over expenditures, debt service and capital outlays	$ (4,166,602)	$ (4,166,602)	$ (1,369,339)	$ 2,555,949

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - UNRESTRICTED AND RESTRICTED
YEAR ENDED OCTOBER 31, 2018 WITH COMPARATIVE TOTALS
FOR YEAR ENDED OCTOBER 31, 2017

		RESTRICTED				TOTALS	
	UNRESTRICTED	CONSTRUCTION	BOND SERVICE	BOND RESERVE	RENEWAL AND REPLACEMENT	2018	2017
Operating revenues:							
Water and sewer service charges	$ 10,241,605	$	$	$	$	$ 10,241,605	$ 10,247,163
Connection fees	502,597					502,597	802,259
Other income	272,265					272,265	174,716
Total operating revenues	11,016,467	-	-		-	11,016,467	11,224,138
Cost of operations:							
Personnel services	1,903,877					1,903,877	1,852,686
Employee benefits	1,278,179					1,278,179	1,644,331
Administrative	673,617					673,617	638,467
Operations & Maintenance	4,015,215					4,015,215	3,771,859
Depreciation	2,500,241					2,500,241	2,381,055
Total cost of operations	10,371,129	-	-	-	-	10,371,129	10,288,398
Operating profit	645,338	-	-	-	-	645,338	935,740
Other income (expense):							
Investment income	121,355	7,289	1,415	17,880	586	148,525	87,468
Bond interest expense			(301,646)			(301,646)	(339,041)
Net income before transfers	766,693	7,289	(300,231)	17,880	586	492,217	684,167
Transfers:							
Investment income, net	27,170	(7,289)	(1,415)	(17,880)	(586)	-	-
Bond interest expense	(301,646)		301,646			-	-
Depreciation on assets purchased with contributed capital	916,238					916,238	879,866
To (from) restricted assets	(677,252)	726,958	(50,292)		586	-	-
Increase (decrease) in net position	731,203	726,958	(50,292)	-	586	1,408,455	1,564,033
Prior period restatement						-	(4,925,369)
Net Position beginning of year	(732,764)	30,465,080	79,857	441,984	50,030	30,304,187	33,665,523
Net Position - end of year	$ (1,561)	$ 31,192,038	$ 29,565	$ 441,984	$ 50,616	$ 31,712,642	$ 30,304,187

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULES OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS UNRESTRICTED ACCOUNTS YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
Cash and investments at beginning of year	$ 13,674,313	$ 12,947,935
Cash receipts:		
Operating revenues	10,681,033	11,144,390
Investment income	119,147	65,359
Increase in escrow funds	109,585	336,120
Transfers from restricted funds	17,880	17,880
Total cash and investments available	24,601,958	24,511,684
Cash disbursements:		
Operations	7,508,622	7,399,569
Decrease in escrow funds	-	-
Transfers to restricted funds	2,553,608	3,437,802
Total cash disbursements	10,062,230	10,837,371
Cash and investments at end of year	$ 14,539,728	$ 13,674,313
Balance comprised of:		
Cash and interest bearing accounts	$ 14,124,840	$ 13,091,338
Investments	414,888	582,975
	$ 14,539,728	$ 13,674,313

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH INVESTMENTS RESTRICTED ACCOUNTS YEAR ENDED OCTOBER 31, 2018 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED OCTOBER 31, 2017

	CONSTRUCTION	BOND SERVICE	BOND RESERVE	RENEWAL AND REPLACEMENT	TOTALS 2018	TOTALS 2017
Cash and investments at beginning of year	$ 806,110	$ 1,814,271	$ 441,984	$ 50,030	$ 3,112,395	$ 2,966,436
Cash receipts:						
Interest	7,289	1,415	17,880	586	27,170	20,771
Developer enhancements	1,967,835				1,967,835	941,932
Transfers from unrestricted fund	694,725	1,858,883			2,553,608	3,437,802
Total cash and investments available	3,475,959	3,674,569	459,864	50,616	7,661,008	7,366,941
Cash disbursements:						
Capital expenditures	2,645,408				2,645,408	2,303,265
Principal reduction long term debt		1,526,083			1,526,083	1,480,691
Bond interest expense		416,671			416,671	452,710
Transfer to unrestricted fund			17,880		17,880	17,880
Total cash disbursements	2,645,408	1,942,754	17,880	-	4,606,042	4,254,546
Cash and investments at end of year	$ 830,551	$ 1,731,815	$ 441,984	$ 50,616	$ 3,054,966	$ 3,112,395
Balance comprised of:						
Cash and interest bearing accounts	$ 474,613	$	$	$	$ 474,613	$ 407,526
Investments	355,938	1,731,815	441,984	50,616	2,580,353	2,704,869
	$ 830,551	$ 1,731,815	$ 441,984	$ 50,616	$ 3,054,966	$ 3,112,395

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING EXPENSES
YEAR ENDED OCTOBER 31, 2018 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED OCTOBER 31, 2017

	Water	Sewer	Total 2018	Total 2017
PERSONNEL SERVICES				
Plant & distribution	$ 693,278	$ 297,119	$ 990,397	$ 952,110
Administration	349,309	349,309	698,618	664,520
Engineering	89,931	89,931	179,862	201,056
Commissioners	17,500	17,500	35,000	35,000
	1,150,018	753,859	1,903,877	1,852,686
EMPLOYEE BENEFITS				
Health insurance	376,986	262,044	639,030	578,415
Pension expense	232,970	155,314	388,284	669,705
Post employment benefit plan	45,831	30,554	76,385	226,900
Payroll taxes	85,324	59,226	144,550	141,383
Workman's compensation insurance	17,958	11,972	29,930	27,928
	759,069	519,110	1,278,179	1,644,331
ADMINISTRATIVE				
Office costs	10,713	8,643	19,356	20,676
Postage & advertising notices	12,793	10,658	23,451	39,488
Bank fees	1,539	1,888	3,427	6,982
Licenses and taxes	63,496	8,228	71,724	55,286
Insurance	26,800	17,866	44,666	44,659
Legal	20,365	31,366	51,731	9,040
Engineering	109,461	35,405	144,866	151,838
Accounting and actuary	34,385	34,385	68,770	66,726
Dues, publications and seminars	5,127	4,701	9,828	15,347
Repairs and maintenances	28,830	26,967	55,797	48,977
Telephone	12,254	11,661	23,915	27,141
Computer costs	37,663	37,663	75,326	83,839
Trustee fees	51,544	2,796	54,340	49,210
Sundry	16,158	10,262	26,420	19,258
	431,128	242,489	673,617	638,467
OPERATIONS AND MAINTENANCE				
Ocean County Utilities Authority	-	2,575,433	2,575,433	2,426,191
Purchased water	297,637	-	297,637	333,755
Utilities - electric & gas	309,879	76,763	386,642	392,597
Chemicals and supplies	170,648	16,990	187,638	201,311
Laboratory tests	45,800	-	45,800	34,849
Repairs and maintenance	210,782	229,797	440,579	285,140
Vehicle costs	13,262	13,216	26,478	19,336
Tools, small equipment & uniforms	13,678	12,538	26,216	26,142
Meter costs	17,275	11,517	28,792	52,538
Other	-	-	-	-
	1,078,961	2,936,254	4,015,215	3,771,859
DEPRECIATION	1,800,174	700,067	2,500,241	2,381,055
	$ 5,219,350	$ 5,151,779	$ 10,371,129	$ 10,288,398

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN, STATE OF NEW JERSEY)
SCHEDULE OF DEBT SERVICE REQUIREMENTS BY YEARS
OCTOBER 31, 2018

SERIES 2002

YEARS ENDING	PRINCIPAL	INTEREST	TOTAL
2019	$ 387,808	$ 42,126	$ 429,934
2020	396,388	30,599	426,987
2021	404,671	18,589	423,260
2022	420,371	-	420,371
Total	$ 1,609,238	$ 91,314	$ 1,700,552

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN, STATE OF NEW JERSEY)
SCHEDULE OF DEBT SERVICE REQUIREMENTS BY YEARS
OCTOBER 31, 2018

SERIES 2008

YEARS ENDING	PRINCIPAL	INTEREST	TOTAL
2019	$ 863,990	$ 260,925	$ 1,124,915
2020	885,244	237,875	1,123,119
2021	909,663	213,675	1,123,338
2022	933,269	188,275	1,121,544
2023	956,060	161,675	1,117,735
2024	984,504	133,775	1,118,279
2025	1,016,614	104,400	1,121,014
2026	1,046,860	75,083	1,121,943
2027	1,073,244	45,990	1,119,234
2028	1,106,172	-	1,106,172
Total	$ 9,775,620	$ 1,421,673	$ 11,197,293

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN, STATE OF NEW JERSEY)
SCHEDULE OF DEBT SERVICE REQUIREMENTS BY YEARS
OCTOBER 31, 2018

SERIES 2012 SUPPLEMENTAL

YEARS ENDING	PRINCIPAL	INTEREST	TOTAL
2019	$ 96,184	$ 32,256	$ 128,440
2020	101,184	29,881	131,065
2021	101,184	27,381	128,565
2022	106,184	24,756	130,940
2023	106,184	22,006	128,190
2024	111,184	19,131	130,315
2025	111,184	16,131	127,315
2026	116,184	13,006	129,190
2027	121,184	10,331	131,515
2028	121,184	8,231	129,415
2029	121,865	6,009	127,874
2030	75,000	4,856	79,856
2031	75,000	-	75,000
Total	$ 1,363,705	$ 213,975	$ 1,577,680

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN, STATE OF NEW JERSEY)
SCHEDULE OF DEBT SERVICE REQUIREMENTS BY YEARS
OCTOBER 31, 2018

SERIES 2012 METER

YEARS ENDING	PRINCIPAL	INTEREST	TOTAL
2019	$ 165,220	$ 23,891	$ 189,111
2020	165,220	22,141	187,361
2021	170,220	20,266	190,486
2022	170,220	18,266	188,486
2023	170,220	16,266	186,486
2024	175,220	14,141	189,361
2025	175,220	11,891	187,111
2026	180,220	9,516	189,736
2027	180,220	7,516	187,736
2028	180,220	6,016	186,236
2029	168,758	4,407	173,165
2030	55,000	3,561	58,561
2031	55,000	-	55,000
Total	$ 2,010,958	$ 157,878	$ 2,168,836

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED OCTOBER 31, 2018

Schedule of Financial Statement Findings

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

None.

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.