

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 24, 2025

NEW ISSUE
BOOK-ENTRY ONLY

RATING: S&P: “SP-1+”
See “Rating” herein

In the opinion of Dilworth Paxson LLP, Freehold, New Jersey (“Bond Counsel”), assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”) applicable to the Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Notes, interest on the Notes and gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

\$77,326,000
TOWNSHIP OF LAKEWOOD
IN THE COUNTY OF OCEAN, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2025
(Non-Callable)

Coupon: ___% Yield: ___% CUSIP: _____

Dated: Date of Delivery

Due: December 16, 2026

The \$77,326,000 Bond Anticipation Notes, Series 2025 (the “Notes”) of the Township of Lakewood, in the County of Ocean, New Jersey (the “Township”) will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), Brooklyn, New York, which will act as Securities Depository. The certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes.

Principal of and interest on the Notes is payable on the due date, as shown above. As long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payment of the principal and interest on the Notes will be made by the Township directly to DTC or its nominee, Cede & Co. The Notes are not subject to redemption prior to maturity.

Proceeds of the Notes will be used to: (i) refund, on a current basis, the Township’s \$27,326,000 Bond Anticipation Notes, Series 2024, dated December 19, 2024 and maturing December 18, 2025; (ii) provide \$50,000,000 in new money to temporarily finance various general capital improvements in and by the Township; and (iii) pay the costs associated with the issuance of the Notes.

The Notes will constitute general obligations of the Township for the payment of the principal of and interest on which the full faith, credit and taxing power of the Township is available, and all the taxable real property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by Dilworth Paxson LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about December 17, 2025.

**BIDS FOR THE NOTES, IN ACCORDANCE WITH THE NOTICE OF SALE,
WILL BE RECEIVED ON DECEMBER 3, 2025.**

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**TOWNSHIP OF LAKEWOOD
IN THE COUNTY OF OCEAN, NEW JERSEY
231 THIRD STREET
LAKEWOOD, NEW JERSEY 08701
(732) 364-2500**

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No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation of warranty by the Underwriter (hereinafter defined) or, as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this document to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

This document does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Township.

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**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF LAKEWOOD
IN THE COUNTY OF OCEAN, NEW JERSEY
\$77,326,000 BOND ANTICIPATION NOTES, SERIES 2025**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Lakewood (the “Township”), in the County of Ocean (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$77,326,000 Bond Anticipation Notes, Series 2025 by the Township (the “Notes”).

THE NOTES

General Description

The Notes will be dated the date of delivery and will mature on the due date, as shown on the front cover page hereof. The interest on the Notes will be payable on the due date as shown on the front cover page hereof. The Notes will be issued in book-entry form only.

The Notes are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The Township is obligated to levy *ad valorem* taxes upon all of the taxable property within the Township for the payment of principal of and interest on the Notes without limitation as to rate or amount.

Denominations and Place of Payment

The Notes are issuable only as fully registered Notes without coupons, and when issued will be in the form of one certificate in the principal amount of the Notes and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company (“DTC”), Brooklyn, New York. DTC will act as Securities Depository for the Notes. Purchase of the Notes will be made in book entry form, in the denomination of \$5,000 each or any integral multiple of \$1,000 in excess thereof. Purchasers will not receive certificates representing their interest in Notes purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes. See “Book-Entry-Only System” herein.

Book-Entry-Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the Notes, in the aggregate principal amount of the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Notes are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit

Direct Participants' accounts upon DTC's receipt of funds and in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Paying Agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Township or the Paying Agent, if any. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township/paying agent; (ii) the transfer of any Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township/paying agent together with the duly executed assignment in form satisfactory to the Township/paying agent; and (iii) for every exchange or registration of transfer of Notes, the Township/paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on the Interest Payment Date.

Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

AUTHORIZATION AND USE OF PROCEEDS

The Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto, and the bond ordinance of the Township described below.

The Notes will be used to: (i) refund, on a current basis, the Township's \$27,326,000 Bond Anticipation Notes, Series 2024, dated December 19, 2024 and maturing December 18, 2025; (ii) provide \$50,000,000 in new money to temporarily finance various general capital improvements in and by the Township; and (iii) pay the costs of issuing the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described in the following table:

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Notes To Be Refunded</u>	<u>New Notes To be Issued</u>	<u>Total Notes To Be Issued</u>
2020-025	Various Capital Improvements and Acquisition of Equipment, finally adopted September 3, 2020.	\$4,861,000	\$0	\$4,861,000
2023-010	Various Capital Improvements and Acquisition of Equipment, finally adopted October 19, 2023.	18,069,000	0	18,069,000
2024-002/ 2025-006	Various Capital Improvements and Acquisition of Equipment, finally adopted February 15, 2024 and amended February 20, 2025.	0	50,000,000	50,000,000
2024-028	Various Capital Improvements and Acquisition of Equipment, finally adopted August 15, 2024.	<u>4,396,000</u>	<u>0</u>	<u>4,396,000</u>
Total:		<u>\$27,326,000</u>	<u>\$50,000,000</u>	<u>\$77,326,000</u>

SECURITY FOR THE NOTES

The Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Notes. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and the interest on the Notes, without limitation as to rate or amount.

The Township

The Township, primarily a residential community, is located at the northern edge of the County. See Appendix “A” for general information regarding the Township.

MARKET PROTECTION

The Township does not anticipate issuing any bonds or additional bond anticipation notes during the remainder of calendar year 2025.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the “Plan”).

The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Township have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the Township. The Township cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19. The Township has received a total of \$31,890,666 in ARP funding. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Cybersecurity

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

Weather Related Matters

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services and escalated recovery costs. The Township has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than one hundred percent (100%) of the smallest amount of any prior year's principal amount.

A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the Township are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the Township has not exceeded its statutory debt limit as of December 31, 2024.

Exceptions to Debt Limits - Extensions of Credit

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short Term Financing

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one-year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within one hundred twenty (120) days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or

anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care over two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further

hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within thirty (30) days of its submission. The entire annual audit report for each local unit is on file with the Clerk and is available for review during business hours.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or permit any action that would cause the interest on the Notes to be included in gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Dilworth Paxson LLP, Freehold, New Jersey ("Bond Counsel") will not independently verify the accuracy of those certifications and representations.

Assuming the Township observes its covenants with respect to compliance with the Code, Bond Counsel is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Notes is not treated as a preference item for purposes of calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. See "Certain Federal Tax Considerations" below.

Certain Federal Tax Considerations

Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Notes.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Original Issue Premium

The initial public offering price of the Notes may be greater than the stated redemption price thereof at maturity (the "Premium Notes"). The difference between the initial public offering price for the Premium Notes and the stated redemption price at maturity is "original issue premium." For federal income tax purposes, the original issue premium is amortizable periodically over the term of the Premium Notes through reductions in the holder's tax basis for the Premium Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Notes rather than creating a deductible expense or loss. Purchasers of the Notes should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Notes.

Backup Withholding

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Notes is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes, and thus on the value or marketability of the Notes. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Notes may occur. Prospective purchasers of Notes should consult their own tax advisors regarding such matters.

Section 265 Qualification

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Township **will not** designate the Notes as qualified for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations under Section 265 of the Code.

State Taxes

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Notes, interest on the Notes and any gains from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

General

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS". Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes of the Township including the Notes, and such Notes are authorized security for any and all public deposits.

CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Borough will deliver concurrently with the delivery of the Notes, a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C" (the "Continuing Disclosure Certificate"). The Borough has covenanted for the benefit of the Noteholders in accordance with the provisions of the Continuing Disclosure Certificate, to provide or cause to be provided, notices of the occurrence of, certain enumerated events to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Dataport ("EMMA") or to any other designated nationally recognized municipal securities information repository (the "National Repository") and to the appropriate State information depository, if any (as defined in the "Continuing Disclosure Certificate"). The Borough has also

covenanted in the Continuing Disclosure Certificate to provide notices of occurrence of certain enumerated events.

In accordance with the Rule and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Township failed to timely file its audited financial statement for the year ended December 31, 2020, on its General Obligation Bonds, Series 2014, dated June 26, 2014. Additionally, the Township failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with EMMA. The Township appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

LITIGATION

Upon delivery of the Bonds, the Township shall furnish a certificate of Secare & Hensel, Toms River, New Jersey (the “Township Attorney”), dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or, to the Township Attorney’s knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds or notes, which has not been disclosed in this Official Statement.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Notes, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors’ rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner’s creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of

the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

CERTAIN REFERENCES

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances of the Township and the Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the Ordinances will be furnished by the Township on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

CERTIFICATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein relating to the Township are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Notes, by certificates signed by an official of the Township, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

All other information has been obtained from sources which the Township considers to be reliable, and it makes no warranty, guaranty or other representation which respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof and, accordingly, expresses no opinion with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

RATING

S&P Global Ratings (the "Rating Agency") has assigned a rating of "SP-1+" to the Notes.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Notes and the Township. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Notes.

UNDERWRITER

The Notes have been purchased from the Township, at a public sale, by _____ (the "Underwriter") at a price of \$ _____ (consisting of the par amount of the Notes plus original issue premium in the amount of \$ _____ minus Underwriter's discount in the amount of \$ _____). The Underwriter is obligated to purchase all of the Notes if any are purchased.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield set forth on the cover page, and such public offering yield may be changed, from time to time, by the Underwriter without prior notice.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix "D". Certain legal matters will be passed on for the Township by the Township Attorney.

FINANCIAL STATEMENTS

Appendix "B" contains certain audited financial data of the Township for the Township's fiscal year ending December 31, 2024 and was compiled by Holman Frenia Allison, P.C., Toms River, New Jersey (the "Auditor") and the audited financial data was extracted from the report prepared by the Auditor to the extent and for the period set forth in their report appearing in Appendix "B". The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix "B" hereto) and, accordingly, we will express no opinion with respect to thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township’s Chief Financial Officer, 231 Third Street, Lakewood, New Jersey 08701, telephone (732) 364-2500 ext. 5252, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

**TOWNSHIP OF LAKEWOOD, IN THE
COUNTY OF OCEAN, NEW JERSEY**

By: _____
John Barrett, Chief Financial Officer

Dated: December __, 2025

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APPENDIX A
GENERAL INFORMATION REGARDING THE TOWNSHIP

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INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Lakewood (the “Township”), in the County of Ocean (the “County”), State of New Jersey (the “State”).

General Information

The Township is a community of approximately twenty-six (26) square miles located at the northern edge of the County, about sixty (60) miles from both the New York-New Jersey metropolitan region and the New Jersey-Philadelphia metropolitan region. It is bounded by Brick Township to the east, Toms River Township to the south, Jackson Township to the west, and Howell Township (Monmouth County) to the north.

Form of Government

The Township Committee form of government provides for a five-member committee elected at general elections conducted on the first Tuesday following the first Monday in November. The Township presently employs a Municipal Manager, whose duties are specified by local ordinance, and who generally carries out the policies adopted by the Township Committee. Therefore, the Township has full-time professional management to assist in the conduct of its affairs. The Township also employs a full-time Chief Financial Officer to oversee the finance department which is primarily responsible for the administration of the Township’s annual budget and maintenance of the general ledger, among other responsibilities.

Education

The Township school system began operation in 1869 with the opening of the first public school. Today, the Lakewood Township School District (the “Local School District”) operates four (4) kindergarten (K) through grade six (6) elementary schools, a grade seven (7) and grade eight (8) middle school, and a high school and alternative high school for grades nine (9) through twelve (12), serving a total student population of approximately 5,000 students. A significant number of children also attend various private and religious schools in the district. The Local School District is a Type II school district without a board of estimate.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees’ Retirement System, the Police and Firemen’s Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the “Division”). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its

¹ Source: The Township, unless otherwise indicated.

administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2024	40,026	38,460	1,566	3.9%
2023	39,868	38,441	1,427	3.6%
2022	39,196	37,917	1,279	3.3%
2021	37,914	35,947	1,967	5.2%
2020	36,851	34,123	2,728	7.4%
<u>County</u>				
2024	293,284	280,025	13,259	4.5%
2023	292,457	279,888	12,569	4.3%
2022	287,161	275,556	11,605	4.0%
2021	279,507	260,912	18,595	6.7%
2020	274,842	248,481	26,361	9.6%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2023)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$62,947	\$86,411	\$101,050
Median Family Income	69,873	108,905	123,892
Per Capita Income	22,156	43,900	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and decreases for the Township, the County, and the State.

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	141,985	5.05%	666,434	4.58%	9,500,851	2.28%
2020	135,158	45.58	637,229	10.52	9,288,994	5.65
2010	92,843	53.84	576,567	12.85	8,791,894	4.49
2000	60,352	33.97	510,916	17.94	8,414,350	8.85
1990	45,048	17.12	433,203	25.19	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten (10) largest taxpayers in the Township and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Leisure Park Venture LTD	\$42,066,300	0.36%
Lakewood Madison Plz LP	36,654,000	0.32%
Harrogate Inc	36,447,500	0.32%
1900 Rt. 70 Associates LLC	35,000,000	0.30%
Westgate Gardens LLC	32,866,700	0.29%
New Hampshire Commons	31,393,900	0.27%
Flea Market Developers LLC	30,465,000	0.26%
Lakewood Cogeneration LP	28,969,000	0.25%
Beth Medrash Govoha of America	26,219,800	0.23%
Tivoli at Woodlake LLC	<u>25,487,900</u>	<u>0.22%</u>
Total	<u>\$325,570,100</u>	<u>2.82%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024	\$283,208,548	\$275,604,822	97.32%
2023	260,829,977	254,471,234	97.56%
2022	247,511,241	239,830,662	96.90%
2021	243,486,578	237,335,766	97.47%
2020	237,424,013	229,469,857	96.65%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2024	\$376,195	\$6,887,029	\$7,263,224	2.56%
2023	359,844	5,929,829	6,289,673	2.41%
2022	484,145	6,926,188	7,410,333	2.99%
2021	560,655	6,059,638	6,620,293	2.72%
2020	752,990	7,000,849	7,753,839	3.27%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$48,586,600
2023	48,586,600
2022	48,586,600
2021	48,586,600
2020	48,586,600

Source: Annual Audit Reports of the Township

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Township residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Fire District</u>	<u>Total</u>
2025	\$0.835	\$1.026	\$0.601	\$0.125	\$2.587
2024	0.780	1.033	0.561	0.111	2.485
2023	0.727	1.030	0.507	0.100	2.364
2022	0.700	1.035	0.464	0.083	2.282
2021	0.690	1.048	0.461	0.079	2.278

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$11,531,970,900	\$22,062,312,799	52.27%	\$0	\$22,062,312,799
2024	11,147,557,300	19,807,315,743	56.28	0	19,807,315,743
2023	10,889,326,700	17,930,720,731	60.73	0	17,930,720,731
2022	10,744,753,700	15,137,720,062	70.98	0	15,137,720,062
2021	10,460,027,800	12,787,320,049	81.8	0	12,787,320,049

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$437,033,900	\$8,635,635,600	\$2,483,300	\$1,221,318,600	\$767,925,700	\$467,573,800	\$11,531,970,900
2024	459,894,500	8,281,952,800	2,482,000	1,172,172,500	768,321,300	462,734,200	11,147,557,300
2023	445,238,400	8,101,287,800	2,482,000	1,148,038,700	752,015,400	440,264,400	10,889,326,700
2022	472,195,700	7,965,092,400	2,482,300	1,122,310,600	745,318,200	437,354,500	10,744,753,700
2021	483,841,700	7,711,983,100	2,482,300	1,083,423,200	750,948,000	427,349,500	10,460,027,800

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$18,001,733	\$18,721,733	\$15,961,000	\$15,961,000	\$17,094,906
Miscellaneous Revenues	12,480,368	25,049,535	27,147,571	50,481,826	40,110,254
Receipts from Delinquent Taxes	6,300,000	6,000,000	6,026,650	5,977,596	5,977,596
Amount to be Raised by Taxation	<u>72,194,989</u>	<u>75,237,426</u>	<u>79,172,924</u>	<u>86,988,431</u>	<u>96,267,018</u>
Total Revenue:	<u>\$108,977,090</u>	<u>\$125,008,694</u>	<u>\$128,308,145</u>	<u>\$159,408,853</u>	<u>\$159,449,774</u>
<u>Appropriations</u>					
General Appropriations	\$85,772,420	\$90,533,322	\$94,512,165	\$100,603,712	\$107,489,416
Operations (Excluded from CAPS)	1,136,489	10,598,552	5,760,273	30,752,578	30,561,417
Deferred Charges	0	200,000	244,766	448,522	0
Capital Improvement Fund	4,933,834	7,506,728	7,049,941	6,141,805	1,500,000
Municipal Debt Service	6,245,723	7,081,100	6,241,000	7,231,144	7,712,703
Transferred to Board of Education	2,667,794	2,667,794	5,000,000	6,000,000	6,000,000
Reserve for Uncollected Taxes	<u>8,220,830</u>	<u>6,421,198</u>	<u>9,500,000</u>	<u>8,231,091</u>	<u>6,186,238</u>
Total Appropriations:	<u>\$108,977,090</u>	<u>\$125,008,694</u>	<u>\$128,308,145</u>	<u>\$159,408,853</u>	<u>\$159,449,774</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2024	\$23,930,065	\$17,094,906
2023	22,610,444	15,961,000
2022	20,712,938	15,961,000
2021	29,851,393	18,721,733
2020	22,526,162	18,001,733

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$47,755,000
Bond Anticipation Notes	27,326,000
Bonds and Notes Authorized but Not Issued	97,604,922
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$172,685,922

Local School District Debt

Serial Bonds	\$21,435,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$21,435,000

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0

TOTAL GROSS DEBT

\$194,120,922

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	21,435,000
Self-Liquidating Debt	<u>0</u>
Total:	\$21,435,000

TOTAL NET DEBT

\$172,685,922

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$21,435,000	100.00%	\$21,435,000
Lakewood Municipal Utilities Authority	10,520,224	100.00%	10,520,224
County	562,210,826	11.35%	<u>63,792,121</u>
Net Indirect Debt			\$95,747,345
Net Direct Debt			<u>172,685,922</u>
Total Net Direct and Indirect Debt			<u>\$268,433,267</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$17,625,252,179
Permitted Debt Limitation (3 1/2%)	616,883,826
Less: Net Debt	<u>172,685,922</u>
Remaining Borrowing Power	<u>\$444,197,904</u>
Percentage of Net Debt to Average Equalized Valuation	0.980%
Gross Debt Per Capita based on 2020 population of 135,158	\$1,436
Net Debt Per Capita based on 2020 population of 135,158	\$1,278

Source: Annual Debt Statement of the Township

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Township's annual audit report.

² Township percentage of County debt is based on the Township's share of total equalized valuation in the County. The Township's utilities authority debt is based on the Township's portion of total flow from each respective authority.

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APPENDIX B
FINANCIAL INFORMATION REGARDING THE TOWNSHIP

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TOWNSHIP OF LAKEWOOD

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2024**

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**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
ENDED DECEMBER 31, 2024**

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Certified Public Accountants + Advisors

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the various funds and account group of the Township of Lakewood, which comprise the statements of assets, liabilities, reserves and fund balance – regulatory basis as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2024, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the Township of Lakewood, as of December 31, 2024 and 2023, and the results of its operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis, statements of expenditures – regulatory basis for the year ended December 31, 2024, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Lakewood, as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Lakewood and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Township of Lakewood, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control(s) relevant to the audit 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 Township of Lakewood's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Lakewood's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2025, on our consideration of the Township of Lakewood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Lakewood's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lakewood's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



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

November 4, 2025
Lakewood, New Jersey

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BASIC FINANCIAL STATEMENTS

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EXHIBIT A

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

ASSETS	2024	2023
Regular Fund:		
Cash & Cash Equivalents	\$ 64,852,359	\$ 64,815,374
Cash - Change Fund	1,258	1,465
Due from State of NJ - Senior & Vets	134,770	133,865
Due from State of NJ - Public Health & Safety Revenue Receivable	7,000,000	-
Total Regular Fund	<u>71,988,387</u>	<u>64,950,704</u>
Receivables & Other Assets With Full Reserves:		
Delinquent Property Taxes Receivable	6,887,029	5,929,829
Tax Title Liens Receivable	376,195	359,844
Property Acquired for Taxes	48,586,600	48,586,600
Revenue Accounts Receivable	60,251	35,435
Total Receivable & Other Assets With Full Reserves	<u>55,910,075</u>	<u>54,911,708</u>
Deferred Charges:		
Overexpenditure of Appropriation Reserves	1,185,459	1,185,459
Total Regular Fund	<u>129,083,921</u>	<u>121,047,871</u>
Federal & State Grants:		
Due From Current	9,713,162	6,333,420
Federal & State Grants Receivable	22,958,203	13,619,780
Total Federal & State Grants	<u>32,671,365</u>	<u>19,953,200</u>
Total Assets	<u>\$ 161,755,286</u>	<u>\$ 141,001,071</u>

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

EXHIBIT A

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

LIABILITIES, RESERVES & FUND BALANCE	2024	2023
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 13,539,620	\$ 6,860,775
Reserve for Encumbrances	2,318,899	7,526,282
Accounts Payable	3,185,322	2,659,833
Prepaid Taxes	1,957,706	1,747,503
Tax Overpayments	2,533,163	4,833,551
County Taxes Payable	1,394,153	728,024
School Taxes Payable	6,346,297	-
Due to State of New Jersey	49,408	49,408
Interfunds Payable	15,174,010	13,151,929
Deposits on Sale of Property	702,350	413,450
Due To Lakewood Township Rental Assistance Program	8,700	-
Various Reserves	2,034,153	5,554,964
Total Liabilities	49,243,781	43,525,719
Reserves for Receivables & Other Assets	55,910,075	54,911,708
Fund Balance	23,930,065	22,610,444
Total Regular Fund	129,083,921	121,047,871
State & Federal Grants:		
Reserve for State & Federal Grants:		
Encumbered	4,676,268	3,804,449
Reserved	22,856,749	13,054,787
HUD Funds Reimbursed	2,278,716	2,278,716
Unappropriated Reserves	2,357,329	815,248
Due to General Capital	502,303	-
Total State & Federal Grants	32,671,365	19,953,200
Total Liabilities, Reserves & Fund Balance	\$ 161,755,286	\$ 141,001,071

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

TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

	2024	2023
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 15,961,000	\$ 15,961,000
Miscellaneous Revenue Anticipated	50,814,799	31,387,462
Receipts from Delinquent Taxes	5,739,961	6,889,506
Receipts from Current Taxes	275,604,822	254,471,234
Nonbudget Revenues	8,164,919	3,674,955
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	3,076,510	4,545,837
Grant Reserve Cancelled	2,576,860	-
Excess from Dog Trust	2,054	6,913
Cancellation of Accounts Payable	295,090	614,986
	<u>362,236,015</u>	<u>317,551,893</u>
Total Income		
	<u>362,236,015</u>	<u>317,551,893</u>
Expenditures:		
Budget & Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	48,543,339	45,999,416
Other Expenses	39,992,062	38,323,273
Deferred Charges & Statutory Expenditures	12,068,311	11,123,680
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	30,524,988	6,839,219
Capital Improvements	6,141,805	7,049,941
Municipal Debt Service	7,229,374	6,189,656
Deferred Charges	448,522	244,766
Transfer to Board of Education for Use of Local Schools	6,000,000	5,000,000
County Taxes Payable	63,892,476	55,954,335
Local School District Taxes	115,081,975	112,123,194
Fire District Taxes Payable	12,307,265	10,845,907
Prior Year Senior Citizens Disallowed	15,500	-
Grants Receivable Cancelled	2,709,777	-
	<u>344,955,394</u>	<u>299,693,387</u>
Total Expenditures		
	<u>344,955,394</u>	<u>299,693,387</u>
Excess in Revenue	17,280,621	17,858,506
Fund Balance January 1,	<u>22,610,444</u>	<u>20,712,938</u>
Total	39,891,065	38,571,444
Less: Amount of Fund Balance Utilized as Revenue	<u>15,961,000</u>	<u>15,961,000</u>
Fund Balance December 31,	<u>\$ 23,930,065</u>	<u>\$ 22,610,444</u>

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

	ANTICIPATED				
	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	CANCELLED	EXCESS (DEFICIT)
Fund Balance Anticipated	\$ 15,961,000	\$ -	\$ 15,961,000	\$ -	\$ -
Miscellaneous Revenues Anticipated:					
Local Revenues:					
Licenses:					
Alcoholic Beverages	89,970	-	92,615	-	2,645
Other	110,987	-	102,741	-	(8,246)
Fees & Permits	494,950	-	514,575	-	19,625
Uniform Construction Code	3,991,795	-	3,376,539	-	(615,256)
Fines & Costs - Municipal Court	561,555	-	723,116	-	161,561
Interest & Costs on Taxes	1,402,587	-	1,257,976	-	(144,611)
Interest on Investments and Deposits	2,879,380	-	3,788,669	-	909,289
Police Identification Fees	107,138	-	98,226	-	(8,912)
Payment in Lieu of Taxes:					
Sons of Israel	97,406	-	97,406	-	-
Energy Receipts Tax	5,219,108	-	5,219,108	-	-
Supplemental Energy Receipts Tax	823,301	-	823,301	-	-
Township of Lakewood - Public Health and Safety (PTRF)	7,000,000	-	7,000,000	-	-
Tax Abatement Program Revenues	778,630	-	947,464	-	168,834
Emergency Medical Services	1,267,989	-	1,178,051	-	(89,938)
Municipal Hotel & Occupancy Tax	143,075	-	139,918	-	(3,157)
Police Off-Duty Funds	513,021	-	538,031	-	25,010
Cell Tower Lease	138,806	-	89,678	-	(49,128)
Cable TV Franchise Fees	132,647	-	132,647	-	-
General Capital Fund	351,977	-	351,977	-	-
Co-Gen Tax Overpayments	1,525,854	-	1,525,854	-	-
Lakewood Industrial Commission	4,982,522	-	5,175,370	-	192,848
Subtotal Local Revenues	32,612,698	-	33,173,262	-	560,564
Federal, State & Local Grants:					
Pedestrian Safety Grant	32,000	-	32,000	-	-
2024 Click It or Ticket Seat Belt Mobilization	10,500	-	10,500	-	-
HOPWA NJH 22F007	2,262,328	-	2,262,328	-	-
Community Development Block Grant - B-21-MC-34-0128	1,634,256	-	1,634,256	-	-
HUD - Cedarview Ave - Roads, Sidewalk, Water Improvements	2,000,000	1,061,469	3,061,469	-	-
2021 American Rescue Plan Act	390,666	-	390,666	-	-
National Opioid Settlement Fund	1,145,926	-	1,145,926	-	-
Ocean County Allocation of ARP - Lakewood Upgrades Arboretum Parkway	1,600,000	-	1,600,000	-	-
2024 Cops in Shops	960	-	960	-	-
Roadway Improvements to Rosebank Leonard Park	675,000	-	675,000	-	-
NJDOT LA-2024 MA Lakewood Township E 9th St. and 6th St. Improv.	557,628	-	557,628	-	-
LA-2023 MA Lakewood Twp Drake Rd Ridgeway Pl. August Dr. Brookfield Dr.	554,554	-	554,554	-	-
LA-2024 SST Lakewood Township Bus Terminal Pedestrian Route Improvements 15	542,000	-	542,000	-	-
LA-2019 LFIF Pavement Preservation of 3 Roads: Oak St., Towbin Ave., & Swathmore Ave.	1,000,000	-	-	1,000,000	-
Vermont Avenue Extension NJSH Route 70 Intersection LA 2021-MA	502,303	-	-	502,303	-
LA-2022 MA Lakewood Township Forest Ave Regent Dr Tanglewood Lane 15	525,119	-	-	525,119	-
LA-2024 BIKE Lakewood Township Lake Carasaljo Bike Path 15	1,000,000	-	1,000,000	-	-
Pine Street Roadway Improvements	-	507,408	507,408	-	-
Roadway Improvements to Sections 1st, 2nd, 3rd St.	750,000	-	750,000	-	-
UEZ Shuttle Bus Liaison	300,000	-	300,000	-	-
UEZ Shuttle Bus Liaison Extension	18,750	-	18,750	-	-
UEZ - Administration & Project Management	453,346	-	453,346	-	-
UEZ - NJDOT Airport Improvement Program	264,693	-	264,693	-	-
Body Armor Replacement	10,994	-	10,994	-	-
Municipal Alliance	30,539	-	30,539	-	-
Lakewood UEZ Emergency Medical Services:					
Lakewood 1st Aid EMS Ambulance	288,300	-	288,300	-	-
Hatzolah EMS Ambulance	370,000	-	370,000	-	-
Lakewood UEZ Success Project	50,000	-	50,000	-	-
Emergency Mobile Command Post Volunteer Service	150,000	-	150,000	-	-
2024 Drive Sober Or Get Pulled Over	7,000	-	7,000	-	-
Safe & Secure Communities Grant	45,150	45,150	90,300	-	-
Clean Communities Grant	-	185,804	185,804	-	-
2023 CJHIF Wellness Grant Program	17,000	-	17,000	-	-
Police OEM Drone Training	65,000	-	65,000	-	-
Police Special Response Trucks	100,000	-	100,000	-	-
Police Electric Bicycles	10,000	-	10,000	-	-
Police Motorcycles	60,000	-	60,000	-	-
Lakewood UEZ Police Trucks	250,000	-	250,000	-	-
Business Directory Outreach and Marketing	90,000	-	90,000	-	-
Strand Theater Security Cameras	18,000	-	18,000	-	-
Local Recreation Improvement	74,000	-	74,000	-	-
Alcohol Education/Rehabilitation Program	13,116	-	13,116	-	-
Subtotal Federal, State, & Local Grants Revenue	17,869,128	1,799,831	17,641,537	2,027,422	-
Total Miscellaneous Revenues Anticipated	66,442,826	1,799,831	66,775,799	2,027,422	560,564
Receipts From Delinquent Taxes	5,977,596	-	5,739,961	-	(237,635)
Amount to be Raised by Taxes	86,988,431	-	93,948,350	-	6,959,919
Nonbudget Revenues	-	-	8,164,919	-	8,164,919
Total	\$ 159,408,853	\$ 1,799,831	\$ 174,629,029	\$ 2,027,422	\$ 15,447,767

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collection	\$ 275,604,822
Net Revenue from Collections	275,604,822
Allocated to School, County & Fire District Taxes	<u>189,887,563</u>
Balance for Support of Municipal Budget Appropriations	85,717,259
Add: Reserve for Uncollected Taxes	<u>8,231,091</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 93,948,350</u>
Analysis of Delinquent Taxes:	
Delinquent Taxes	<u>\$ 5,739,961</u>
Total Receipts From Delinquent Taxes	<u>\$ 5,739,961</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Ocean County JIF Dividend	\$	108,541
Tax Collector - Miscellaneous		133,868
Sale of Municipal Property	4,225,075	
Lease of Municipal Property		20,000
Miscellaneous		594,560
Recycling		69,951
Other Copies		3,586
Cancelled Outstanding Checks		1,480
Ocean County Polling Place Fees		2,800
Co-Gen Host Community Fees		15,000
Congregation Ahavas Chesed - Lease		17,062
Lakewood Housing Authority - PILOT		3,383
Lakewood Bd of Ed Fuel Usage Reimb		32,787
Foreign Trade Zone Fees		8,500
Vehicle Wash Reimbursement		1,260
Police O/S Duty - Police Vehicle Fee		310,200
Lakewood MUA - Fuel Reimbursement		27,171
Congregation Spruce Street Inc - Lease		7,224
Street Opening Administration Fee		17,175
Verizon Franchise Fees		32,253
Senior & Vets Admin Fee		5,775
Bicycle Rental Program at Lake		1,100
Township Auction Proceeds		105,459
Lakewood Fire Commissioners - Fuel Reimb		52,286
Vacation of Streets/Easements		7,750
Inspection Department Misc. Fees		3
EREZ Holding LLC - PILOT Payment		144,813
Pilot Program Application Fees		14,000
Ocean County - OT Reimb. - Gang/Gun/Narcotics		20,000
Ocean County Reimb Police Car Seat Check		8,960
Ave. of the States Urban Renew - PILOT Payment		174,753
Ocean Care Realty Urban Renew - PILOT Payment		155,389
Cedarbridge Office - PILOT Payment		117,849
Cedarbridge Equity - PILOT Payment		209,493
Community Service Contributions		210,326
AOTSR Urban Renewal LLC - PILOT Payment		79,776
Tax Sale Premium Forfeiture		1,200
Lakeland Bank Kiosk		28,008
CBRS Holdings Urban Renew		82,935
Tower 2 Equity Urban Renew		208,184
Cornerstone Equities Urban Renew		156,945
Ave. of States Urban Renew		180,336
Pine Holding Urban Renew		168,190
Tower 3 Equity Urban Renew		<u>399,513</u>
		<u>\$ 8,164,919</u>

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

EXHIBIT A-3

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative & Executive:						
Office of the Manager:						
Salaries and Wages	\$ 1,027,000	\$ 1,057,000	\$ 1,057,000	\$ -	\$ -	\$ -
Other Expenses	115,500	115,500	37,574	6,636	71,290	-
Governing Body:						
Salaries and Wages	340,000	340,000	323,116	-	16,884	-
Other Expenses	180,300	149,500	111,124	17,158	21,218	-
Borough Clerk:						
Salaries and Wages	412,000	412,000	349,708	-	62,292	-
Other Expenses	95,100	95,100	36,993	8,601	49,506	-
Purchasing Department:						
Salaries and Wages	305,000	305,000	290,048	-	14,952	-
Other Expenses	189,960	189,960	154,519	8,193	27,248	-
Municipal Support Services:						
Other Expenses	50,000	50,000	50,000	-	-	-
Financial Administration:						
Salaries and Wages	512,000	512,000	363,140	-	148,860	-
Other Expenses	109,300	109,300	(3,995)	8,500	104,795	-
Audit Services:						
Other Expenses	91,000	91,000	-	-	91,000	-
Collection of Taxes:						
Salaries and Wages	390,000	390,000	343,329	-	46,671	-
Other Expenses	92,000	92,000	58,712	168	33,120	-
Assessment of Taxes:						
Salaries and Wages	561,000	561,000	441,466	-	119,534	-
Other Expenses	318,450	318,450	255,453	6,363	56,634	-
Legal Services & Costs:						
Other Expenses	918,250	918,250	710,523	7,136	200,591	-
Computer Center:						
Salaries and Wages	87,000	87,000	76,396	-	10,604	-
Other Expenses	637,000	587,000	498,573	70,842	17,585	-
Engineering Services & Costs:						
Salaries and Wages	750,000	750,000	312,212	-	437,788	-
Other Expenses	1,330,505	1,330,505	987,224	102,610	240,671	-
Economic Development:						
Salaries and Wages	220,500	220,500	214,921	-	5,579	-
Other Expenses	18,000	18,000	-	-	18,000	-
Liquidation of Tax Title Liens & Foreclosed Property:						
Other Expenses	35,000	35,000	-	-	35,000	-
Department of Human Resources:						
Salaries and Wages	580,000	580,000	439,191	-	140,809	-
Other Expenses	227,550	227,550	189,766	16,409	21,375	-
Veterans Advisory Committee:						
Other Expenses	30,000	30,000	30,000	-	-	-
<u>LAND USE ADMINISTRATION</u>						
Planning Board						
Other Expenses	64,200	64,200	39,196	-	25,004	-
Zoning Board						
Other Expenses	60,250	60,250	22,163	11,308	26,779	-
<u>PUBLIC SAFETY</u>						
Police:						
Salaries and Wages	26,541,302	26,541,302	25,081,071	-	1,460,231	-
Other Expenses	2,199,000	2,199,000	1,642,393	201,307	355,300	-
Emergency Management Services:						
Salaries and Wages	90,000	90,000	88,462	-	1,538	-
Other Expenses	100,000	100,000	46,312	53,556	132	-
Municipal Prosecutor:						
Other Expenses	105,000	105,000	105,000	-	-	-
Emergency Medical Technicians:						
Salaries and Wages	1,442,205	1,442,205	1,089,694	-	352,511	-
Other Expenses	131,330	131,330	73,252	31,552	26,526	-
<u>PUBLIC WORKS:</u>						
Road Repairs & Maintenance:						
Salaries and Wages	2,490,930	2,490,930	2,120,354	-	370,576	-
Other Expenses	628,500	628,500	306,165	101,248	221,087	-
Street Cleaning:						
Salaries and Wages	180,172	180,172	135,415	-	44,757	-
Other Expenses	31,000	31,000	8,332	8,712	13,956	-
Snow Removal	450,000	450,000	450,000	-	-	-
Department of Public Works:						
Salaries and Wages	1,122,000	1,122,000	979,302	-	142,698	-
Other Expenses	639,000	539,000	203,224	65,306	270,470	-
Shade Tree Commission:						
Salaries and Wages	132,200	132,200	59,110	-	73,090	-
Other Expenses	9,000	9,000	3,763	2,200	3,037	-
Cross Street Landfill Maintenance:						
Other Expenses	15,000	15,000	13,838	-	1,162	-

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

EXHIBIT A-3

Garbage & Trash Removal:						
Salaries and Wages	2,779,000	2,779,000	2,496,154	-	282,846	-
Other Expenses	421,500	421,500	308,585	33,816	79,099	-
Recycling:						
Salaries and Wages	944,224	944,224	721,755	-	222,469	-
Other Expenses	171,500	171,500	143,755	8,195	19,550	-
Public Buildings & Grounds:						
Salaries and Wages	795,000	795,000	639,797	-	155,203	-
Other Expenses	286,500	286,500	(181,899)	438,042	30,357	-
Apartment Trash Reimbursements:						
Other Expenses	626,000	626,000	224,878	123,574	277,548	-
Automotive Mechanics:						
Salaries and Wages	1,715,000	1,715,000	1,404,667	-	310,333	-
Municipal Garage:						
Other Expenses	293,064	293,064	139,117	43,930	110,017	-
Community Services Act:						
Other Expenses	900,000	900,000	727,489	-	172,511	-
<u>MUNICIPAL COURT FUNCTIONS:</u>						
Municipal Court:						
Salaries and Wages	625,000	625,000	510,694	-	114,306	-
Other Expenses	140,600	140,600	134,973	4,380	1,247	-
Public Defender:						
Other Expenses	95,350	95,350	84,908	-	10,442	-
<u>HEALTH & HUMAN SERVICES FUNCTIONS:</u>						
Board of Health:						
Other Expenses	2,750	2,750	-	-	2,750	-
Environmental Commission (N.J.S. 40:56-A-1, et seq.):						
Other Expenses	500	500	-	-	500	-
Animal Control:						
Salaries and Wages	237,000	237,000	156,455	-	80,545	-
Other Expenses	95,000	100,000	93,875	6,125	-	-
Relocation Assistance Program:						
Other Expenses	7,000	7,000	-	-	7,000	-
Senior & Social Services:						
Other Expenses	402,500	402,500	345,740	50,612	6,148	-
Solutions to End Poverty (N.J.S.A. 40:23-8.19):	120,000	120,000	-	-	120,000	-
Lakewood Search and Rescue (N.J.S.A. 40:5.2):	40,000	40,000	40,000	-	-	-
Lakewood Community Services Corporation (N.J.S.A. 40:23-8.17):	50,000	50,000	-	-	50,000	-
<u>PARKS & RECREATION FUNCTIONS:</u>						
Recreation:						
Other Expenses	66,500	38,500	21,696	-	16,804	-
Community Center:						
Salaries and Wages	40,000	40,000	-	-	40,000	-
Other Expenses	18,050	18,050	-	-	18,050	-
Parks & Playgrounds:						
Salaries and Wages	1,330,000	1,330,000	1,174,534	-	155,466	-
Other Expenses	177,500	177,500	152,107	19,129	6,264	-
<u>OTHER COMMON OPERATING FUNCTIONS:</u>						
Accumulated Leave Compensation	505,399	505,399	505,399	-	-	-
Celebration of Public Events:						
Other Expenses	16,068	16,068	16,068	-	-	-
Airport Appropriations	50,000	50,000	22,029	3,198	24,773	-
Lakewood Public Transportation:						
Salaries and Wages	736,569	736,569	477,708	-	258,861	-
Other Expenses	185,000	135,000	36,226	81,569	17,205	-
<u>CODE ENFORCEMENT & ADMINISTRATION:</u>						
State Uniform Construction Code Officials:						
Salaries and Wages	2,088,237	2,058,237	1,574,277	-	483,960	-
Other Expenses	404,300	404,300	157,160	57,355	189,785	-
Property Maintenance Code:						
Salaries and Wages	70,000	70,000	67,006	-	2,994	-
<u>INSURANCE:</u>						
Liability Insurance	1,266,840	1,266,840	1,055,125	2,896	208,819	-
Workers Compensation Insurance	1,300,643	1,300,643	1,300,643	-	-	-
Group Insurance Plan for Employees	13,077,219	13,330,219	12,273,958	216	1,056,045	-
Health Insurance Waivers	285,768	285,768	267,198	-	18,570	-
<u>UTILITY EXPENSES & BULK PURCHASES:</u>						
Electricity	532,000	532,000	475,633	309	56,058	-
Street Lighting	1,708,719	1,708,719	349,088	119,038	1,240,593	-
Telephone	195,800	195,800	169,733	4,402	21,665	-
Water	66,000	66,000	57,866	2,341	5,793	-
Natural Gas	133,000	133,000	96,343	-	36,657	-
Gasoline & Diesel	1,481,597	1,481,597	688,552	18,927	774,118	-
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS:</u>						
Landfill Disposal Costs	6,000,000	6,000,000	5,095,280	400,000	504,720	-
Total Operations Within CAPS	88,536,201	88,535,401	73,818,611	2,145,859	12,570,931	-
Total Operations Including Contingent Within "CAPS"	88,536,201	88,535,401	73,818,611	2,145,859	12,570,931	-
Detail:						
Salaries and Wages	48,543,339	48,543,339	42,986,982	-	5,556,357	-
Other Expenses	39,992,862	39,992,062	30,831,629	2,145,859	7,014,574	-

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

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

EXHIBIT A-3

DEFERRED CHARGES & STATUTORY

EXPENDITURES WITHIN CAPS:

Statutory Expenditures:

Contributions to Employees Retirement System	2,908,147	2,908,147	2,908,146	-	1	-
Social Security System (O.A.S.I.)	2,250,000	2,250,000	1,963,842	-	286,158	-
NJ Police & Fireman's Retirement System	6,899,362	6,899,362	6,899,361	-	1	-
Unemployment Insurance	1	1	-	-	1	-
Defined Contribution Retirement Program	10,000	10,800	10,322	-	478	-

Deferred Charges & Statutory Expenditures

Within CAPS	12,067,510	12,068,310	11,781,671	-	286,639	-
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Total Deferred Charges and Statutory Expenditures Within CAPS	100,603,711	100,603,711	85,600,282	2,145,859	12,857,570	-
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Judgements	1	1	-	-	1	-
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Total Appropriations Within CAPS	100,603,712	100,603,712	85,600,282	2,145,859	12,857,571	-
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OPERATIONS - EXCLUDED FROM CAPS

SMFP Fire District Payments	47,327	47,327	47,327	-	-	-
Appropriation Cap Exclusions per N.J.S.A. 40A:4-45.3d						
Recycling	199,705	199,705	199,705	-	-	-
Workers Compensation Insurance	196,428	196,428	196,428	-	-	-
Liability Insurance	333,160	333,160	333,160	-	-	-
Local Finance Board Aooroved CAP Waiver:						
Engineering Services & Costs Other Expenses	369,320	369,320	369,320	-	-	-
Group Insurance Plan For Employees	4,433,281	4,433,281	4,433,281	-	-	-
NJ UCC Construction Official Salaries & Wages	491,763	491,763	491,763	-	-	-
Lakewood Public Transportation Salaries & Wages	178,431	178,431	178,431	-	-	-
Public Safety Functions:						
Police Department Salries & Wages	3,633,698	3,633,698	3,633,698	-	-	-
Emergency Medical Technicians Salaries & Wages	467,795	467,795	467,795	-	-	-
Public Works Functions:						
Road Repairs & Maintenance Salaries & Wages	264,070	264,070	264,070	-	-	-
Street Cleaning Salaries & Wages	64,828	64,828	64,828	-	-	-
Recycling Salaries & Wages	271,071	271,071	271,071	-	-	-
Municipal Garage Other Expenses	182,936	182,936	182,936	-	-	-
Utility Expenses & Bulk Purchases:						
Street Lighting Other Expense	991,281	991,281	991,281	-	-	-
Gasoline & Diesel Other Expense	698,403	698,403	698,403	-	-	-

Total Operations Excluded from "CAPS"	12,823,497	12,823,497	12,823,497	-	-	-
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Public & Private Programs Offset by Revenues:

Pedestrian Safety Grant	32,000	32,000	32,000	-	-	-
Click it or Ticket Seat Belt Mobilization	10,500	10,500	10,500	-	-	-
Body Armor Replacement	10,994	10,994	10,994	-	-	-
Municipal Alliance 2023	30,539	30,539	30,539	-	-	-
Drive Sober or Get Pulled Over	7,000	7,000	7,000	-	-	-
2024 Cops in Shops	960	960	960	-	-	-
Local Recreation Improvement	74,000	74,000	74,000	-	-	-
HOPWA NJH22F007	2,262,328	2,262,328	2,262,328	-	-	-
HUD Cedarview Ave - Roads, Sidewalk, Water Imp	2,000,000	3,061,469	3,061,469	-	-	-
Community Development Block Grant	1,634,256	1,634,256	1,634,256	-	-	-
2021 American Rescue Plan Act	390,666	390,666	390,666	-	-	-
National Opioid Settlement Fund	1,145,926	1,145,926	1,145,926	-	-	-
Ocean County Allocate ARPA - Arboretum Parkway	1,600,000	1,600,000	1,600,000	-	-	-
Safe & Secure Communities Grant	45,150	90,300	90,300	-	-	-
Clean Communities Grant	-	185,804	185,804	-	-	-
CJHIF Wellness Grant Program 2024	17,000	17,000	17,000	-	-	-
Roadway Improvements to Rosebank Leonard Park	675,000	675,000	675,000	-	-	-
NJDOT LA-2024 MA Lakewood Township E 9th St. and 6th St. Improv.	557,628	557,628	557,628	-	-	-
LA-2023 MA Lakewood Twp Drake Rd Ridgeway Pl. August Dr. Brookfield Dr.	554,554	554,554	554,554	-	-	-
LA-2024 SST Lakewood Township Bus Terminal Pedestrian Route Improvements 15	542,000	542,000	542,000	-	-	-
LA-2019 LFIF Pavement Preservation of 3 Roads: Oak St., Towbin Ave., & Swathmore Ave.	1,000,000	1,000,000	-	-	-	1,000,000
Vermont Avenue Extension NJSH Route 70 Intersection LA 2021-MA	502,303	502,303	-	-	-	502,303
LA-2022 MA Lakewood Township Forest Ave Regent Dr Tanglewood Lane 15	525,119	525,119	-	-	-	525,119
LA-2024 BIKE Lakewood Township Lake Carasaljo Bike Path 15	1,000,000	1,000,000	1,000,000	-	-	-
Pine Street Roadway Improvements	-	507,408	507,408	-	-	-
Roadway Improvements to Sections 1st, 2nd, 3rd St.	750,000	750,000	750,000	-	-	-
2024 Airport Improvement Fund	264,693	264,693	264,692	-	1	-
UEZ Shuttle Bus Liaison	300,000	300,000	300,000	-	-	-
UEZ Shuttle Bus Liaison Extension	18,750	18,750	18,750	-	-	-
UEZ - Administration & Project Management	453,346	453,346	453,346	-	-	-
Lakewood UEZ Success Project	50,000	50,000	50,000	-	-	-
Emergency Mobile Command Post Volunteer Service	150,000	150,000	150,000	-	-	-
Police/OEM Drone Training	65,000	65,000	65,000	-	-	-
Police Special Response Trucks	100,000	100,000	100,000	-	-	-
Police Electric Bicycles	10,000	10,000	10,000	-	-	-
Police Motoreycles	60,000	60,000	60,000	-	-	-
Alcohol Education/Rehabilitation Program	13,116	13,116	13,116	-	-	-
Lakewood 1st Aid EMS Ambulance	288,300	288,300	288,300	-	-	-
Hatzolah EMS Ambulance	370,000	370,000	370,000	-	-	-
Strand Theater Security Cameras	18,000	18,000	18,000	-	-	-
Lakewood UEZ Police Trucks	250,000	250,000	250,000	-	-	-
Business Directory Outreach and Marketing	90,000	90,000	90,000	-	-	-
Matching Funds for Grants	59,954	59,954	-	-	59,954	-

Total Public & Private Programs Offset by Revenues	17,929,082	19,728,913	17,641,536	-	59,955	2,027,422
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The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF LAKEWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

EXHIBIT A-3

Capital Improvements - Excluded from "CAPS":

Capital Improvement Fund	5,344,855	5,344,855	5,344,855	-	-	-
Purchase Garbage & Recycling Containers	689,700	689,700	1,816	173,040	514,844	-
Waste Containers	99,000	99,000	-	-	99,000	-
Renovate Current Inspections Bldg Server Room	8,250	8,250	-	-	8,250	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Improvements - Excluded from CAPS	6,141,805	6,141,805	5,346,671	173,040	622,094	-

Municipal Debt Service - Excluded from "CAPS":

Payment of Bond Principal	4,805,002	4,805,002	4,805,000	-	-	2
Interest on Bonds	1,826,042	1,826,042	1,826,041	-	-	1
Interest on Notes	600,100	600,100	598,333	-	-	1,767
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Municipal Debt Service - Excluded from CAPS	7,231,144	7,231,144	7,229,374	-	-	1,770

Deferred Charges - Excluded from "CAPS":

Ord 2012-60 Various Improvements	2,642	2,642	2,642	-	-	-
Ord 2015-63 Various Equipment LPD/EMS/DPW	69,874	69,874	69,874	-	-	-
Ord 2018-10 Various Capital Improvements	2,223	2,223	2,223	-	-	-
Ord 2013-73 Various Capital Improvements	288,750	288,750	288,750	-	-	-
Ord 2017-04 Various Capital Improvements	84,799	84,799	84,799	-	-	-
Ord 2019-32 Various Capital Improvements	234	234	234	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Charges - Municipal - Excluded from CAPS:	448,522	448,522	448,522	-	-	-

Transferred to Board of Education for Use of Local Schools

6,000,000	6,000,000	6,000,000	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Total General Appropriations Excluded from CAPS

50,574,050	52,373,881	49,489,600	173,040	682,049	2,029,192
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Subtotal General Appropriations

151,177,762	152,977,593	135,089,882	2,318,899	13,539,620	2,029,192
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Reserve For Uncollected Taxes

8,231,091	8,231,091	8,231,091	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Total General Appropriations

\$ 159,408,853	\$ 161,208,684	\$ 143,320,973	\$ 2,318,899	13,539,620	\$ 2,029,192
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Budget

\$ 159,408,853

Added by N.J.A. 40A:4-87

<hr/>
1,799,831

Total

<hr/>
\$ 161,208,684

Disbursements

\$ 117,448,346

Appropriated Reserves for Federal & State Grants

17,641,536

Reserve for Uncollected Taxes

<hr/>
8,231,091

Total

<hr/>
\$ 143,320,973

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

EXHIBIT B

**TOWNSHIP OF LAKEWOOD
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

ASSETS	<u>2024</u>	<u>2023</u>
Animal Control Trust Fund:		
Interfund - Current Fund	\$ 16,228	\$ 13,567
Grant Trust Fund:		
Cash	<u>228,356</u>	<u>219,928</u>
General Trust Fund:		
Cash & Cash Equivalents	16,207,366	21,601,311
Investments	521,403	521,403
Interfund - Current Fund	5,444,620	6,804,942
Deferred Charge - Overexpenditure of Trust Fund	<u>179,683</u>	<u>92,973</u>
Total General Trust Fund	<u>22,353,072</u>	<u>29,020,629</u>
Total Assets	<u>\$ 22,597,656</u>	<u>\$ 29,254,124</u>
LIABILITIES, RESERVES & FUND BALANCE		
Animal Control Trust Fund:		
Due to State of New Jersey	\$ 291	\$ 291
Reserve for Expenditures	<u>15,937</u>	<u>13,276</u>
Total Animal Control Fund	<u>16,228</u>	<u>13,567</u>
Grant Trust Fund:		
Reserve for Revolving Loan Grant	<u>228,356</u>	<u>219,928</u>
General Trust Fund:		
Reserve for Various Trust Deposits	<u>22,353,072</u>	<u>29,020,629</u>
Total Liabilities, Reserves & Fund Balance	<u>\$ 22,597,656</u>	<u>\$ 29,254,124</u>

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

EXHIBIT C

**TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024**

	2024	2023
ASSETS		
Cash & Cash Equivalents	\$ 23,161,753	\$ 17,611,619
Grant Receivable - NJDOT - Ord. 2024-002	3,831,485	-
Deferred Charges to Future Taxation:		
Funded	47,755,000	52,560,000
Unfunded	124,482,400	23,378,672
Due From Grant Fund	502,303	-
Total Assets	\$ 199,732,941	\$ 93,550,291
 LIABILITIES, RESERVES & FUND BALANCE		
Improvement Authorizations:		
Encumbered	\$ 16,442,697	\$ 5,762,238
Funded	3,219,579	3,918,869
Unfunded	103,665,463	18,242,858
Serial Bonds	47,755,000	52,560,000
Bond Anticipation Notes	27,326,000	12,000,000
Capital Improvement Fund	563,317	563,317
Reserve for Improvements	9,716	9,716
Reserve for Renewal & Replacement	101,356	101,356
Fund Balance	649,813	391,937
Total Liabilities, Reserves & Fund Balance	\$ 199,732,941	\$ 93,550,291

There were bonds and notes authorized but not issued on December 31, 2024 of \$97,156,400 and on December 31, 2023 was \$11,378,672.

EXHIBIT C-1

TOWNSHIP OF LAKEWOOD
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

Balance, December 31, 2023	\$	391,937
Increased by:		
Premium From Issuance of Debt		286,103
Improvement Authorizations Cancelled		<u>323,750</u>
		<u>609,853</u>
Decreased by:		
Recognized in Current Fund Budget		<u>351,977</u>
Balance, December 31, 2024	\$	<u><u>649,813</u></u>

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

**TOWNSHIP OF LAKEWOOD
PAYROLL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

	2024	2023
ASSETS		
Cash	\$ 689,166	\$ 561,730
Total Assets	<u>\$ 689,166</u>	<u>\$ 561,730</u>
LIABILITIES & RESERVES		
Payroll Reserve	\$ 170,207	\$ 108,917
Due to Various Agencies	518,959	452,813
Total Liabilities & Reserves	<u>\$ 689,166</u>	<u>\$ 561,730</u>

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

**TOWNSHIP OF LAKEWOOD
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

ASSETS	<u>2024</u>	<u>2023</u>
General Fixed Assets:		
Land	\$ 6,989,500	\$ 6,989,500
Buildings	25,225,305	25,225,305
Furniture & Fixtures, Equipment & Vehicles	<u>44,594,208</u>	<u>42,458,865</u>
Total	<u>\$ 76,809,013</u>	<u>\$ 74,673,670</u>
FUND BALANCE		
Total Investment in General Fixed Assets	<u>\$ 76,809,013</u>	<u>\$ 74,673,670</u>

**TOWNSHIP OF LAKEWOOD
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

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

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

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61, 80, 90 and 97, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80, 90 and 97.

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

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

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

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

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

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

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

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

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

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

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

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

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

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

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

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

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

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

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for “other expenses”, an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

Right to Use Leased Assets – The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The assets leased by the Township consist of vehicles. The right to use leased assets is not recorded on the various statements of assets, liabilities, reserves and fund balance in accordance with the regulatory basis of accounting.

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

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements (Statements) to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2024:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. Management has determined that the implementation of these Statements did not have a significant impact on the Township’s financial statements
- Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Implementation of this Statement resulted in additional footnote disclosures on the Township’s financial statements. See Note 14 for further detail.

Management has determined that the implementation of these Statements did not have a significant impact on the Township’s financial statements.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.
- Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.
- Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Management has not yet determined the potential impact on the Township's financial statements.

Note 2. Deposits and Investments

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

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the

New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2024, the Township's bank balance of \$103,164,459 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 31,350,022
Uninsured and Uncollateralized	71,941,769
	<hr/>
	\$ 103,164,459
	<hr/> <hr/>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 2. Deposits and Investments (continued):

Investments

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

Under regulatory basis of accounting, investments are measured at cost in the Township’s financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township’s fair value, hierarchy level and maturities of its investments at December 31, 2024 would be as followed:

	Carrying Value	Fair Value as of December 31, 2024 Level 1	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	6-10 Years
<u>Investment type</u>					
U.S. Treasury Securities	\$ 517,296	\$ 514,296	\$ 45,274	\$ 319,997	\$ 149,025
Money Markets	4,107	1,478	1,478	-	-
	<u>\$ 521,403</u>	<u>\$ 515,774</u>	<u>\$ 46,752</u>	<u>\$ 319,997</u>	<u>\$ 149,025</u>
<u>Fund</u>					
Trust Fund - Other	\$ 521,403	\$ 515,774	\$ 46,752	\$ 319,997	\$ 149,025
	<u>\$ 521,403</u>	<u>\$ 515,774</u>	<u>\$ 46,752</u>	<u>\$ 319,997</u>	<u>\$ 149,025</u>

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

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

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 2. Deposits and Investments (continued):

As of December 31, 2024, the Township's investments had the following ratings:

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

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

Note 3. Property Taxes

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

Comparison Schedule of Tax Rates

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax Rate	<u>\$ 2.485</u>	<u>\$ 2.364</u>	<u>\$ 2.282</u>
Apportionment of Tax Rate:			
Municipal	0.780	0.727	0.700
County General	0.561	0.507	0.464
Local School	1.033	1.030	1.035
Fire District	0.111	0.100	0.083

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2024	\$ 11,147,557,300
2023	10,889,326,700
2022	10,744,753,700

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 3. Property Taxes (continued):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2024	\$ 283,208,548	\$ 275,604,822	97.32%
2023	260,829,977	254,471,234	97.56%
2022	247,511,241	239,830,662	96.89%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2024	32
2023	171
2022	177

The last tax sale was held on September 25, 2024.

Note 4. Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2024	\$ 48,586,600
2023	48,586,600
2022	48,586,600

Note 5. Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2024	\$ 23,930,065	\$ 17,094,906	71.44%
2023	22,610,444	15,961,000	70.59%
2022	20,712,938	15,961,000	77.06%

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 6. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2024:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 15,174,010
State and Federal Grant Fund	9,713,162	-
Animal Control Trust	16,228	-
Trust Other Fund	<u>5,444,620</u>	<u>-</u>
	<u>\$ 15,174,010</u>	<u>\$ 15,174,010</u>

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

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ -	\$ 2,022,081
State and Federal Grant Fund	3,379,742	-
Animal Control Trust	2,661	-
Trust Other Fund	<u>-</u>	<u>1,360,322</u>
	<u>\$ 3,382,403</u>	<u>\$ 3,382,403</u>

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

Note 7. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2024:

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2024</u>
Land	\$ 6,989,500	\$ -	\$ -	\$ 6,989,500
Buildings and Improvements	25,225,305	-	-	25,225,305
Furniture & Fixtures, Equipment & Vehicles	42,458,865	2,184,426	49,083	44,594,208
	<u>\$ 74,673,670</u>	<u>\$ 2,184,426</u>	<u>\$ 49,083</u>	<u>\$ 76,809,013</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are 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 and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2024, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the Township's contractually required contribution to PERS plan was \$2,972,062.

Components of Net Pension Liability - At December 31, 2024, the Township's proportionate share of the PERS net pension liability was \$29,678,773. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The Township's proportion measured as of June 30, 2024, was 0.2184182617% which was an increase of 0.0052705701% from its proportion measured as of June 30, 2023.

Balances at December 31, 2024 and December 31, 2023

	<u>12/31/2024</u>	<u>12/31/2023</u>
Actuarial valuation date (including roll forward)	June 30, 2024	June 30, 2023
Deferred Outflows of Resources	\$ 2,959,579	\$ 3,878,789
Deferred Inflows of Resources	2,279,166	2,641,501
Net Pension Liability	29,678,773	30,873,109
Township's portion of the Plan's total Net Pension Liability	0.21842%	0.21315%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources – At December 31, 2024, the Township's proportionate share of the PERS expense/(credit), calculated by the plan as of the June 30, 2024 measurement date is \$2,334,599. This expense/(credit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$2,972,062 to the plan in 2024.

At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 594,520	\$	79,013
Changes of Assumptions	36,870		337,676
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-		1,376,124
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	2,328,189		486,353
	\$ 2,959,579		\$ 2,279,166

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ (891,721)
2026	1,343,386
2027	(192,582)
2028	44,536
2029	376,794
	\$ 680,413

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Township as of December 31, 2024. At December 31, 2024, the State's proportionate share of the PERS expense, associated with the Township, calculated by the plan as of the June 30, 2024 measurement date was \$95,685.

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

Inflation:

Price	2.75%
Wage	3.25%

Salary Increases:

2.75 - 6.55%
Based on Years of Service

Investment Rate of Return	7.00%
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**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 39,767,746</u>	<u>\$ 29,678,773</u>	<u>\$ 21,555,534</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

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

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

The following represents the membership tiers for PFRS:

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

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

Basis of Presentation - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, 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 PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the Township’s contractually required contribution to PFRS plan was \$7,476,289.

Components of Net Pension Liability - At December 31, 2024, the Township’s proportionate share of the PFRS net pension liability was \$55,814,375. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The Township’s proportion of the net pension liability was based on the Township’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2024. The Township’s proportion measured as of June 30, 2024, was 0.5404913300%, which was an increase of 0.0365395200% from its proportion measured as of June 30, 2023.

Balances at December 31, 2024 and December 31, 2023

	<u>12/31/2024</u>	<u>12/31/2023</u>
Actuarial valuation date (including roll forward)	June 30, 2024	June 30, 2023
Deferred Outflows of Resources	\$ 11,502,468	\$ 11,687,284
Deferred Inflows of Resources	3,986,797	6,415,239
Net Pension Liability	55,814,375	55,680,541
Township's portion of the Plan's total net pension Liability	0.54049%	0.50395%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources – At December 31, 2024, the Township’s proportionate share of the PFRS expense/(credit), calculated by the plan as of the June 30, 2024 measurement date was \$5,367,549. This expense/(credit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$7,476,289 to the plan in 2024.

At December 31, 2024, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 3,516,262	\$ 1,910,772
Changes of Assumptions	88,232	1,639,176
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	436,849
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contribution:	7,897,974	-
	\$ 11,502,468	\$ 3,986,797

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

Year Ending December 31,	Amount
2025	\$ (1,123,925)
2026	4,694,685
2027	797,745
2028	1,216,524
2029	1,902,588
Thereafter	28,054
	\$ 7,515,671

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Township is \$11,003,685 as of December 31, 2024. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2024 was 0.5404913300%, which was an increase of 0.0365395200% from its proportion measured as of June 30, 2023, which is the same proportion as the Township's. At December 31, 2024, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 55,814,375
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>11,003,685</u>
	<u>\$ 66,818,060</u>

**TOWNSHIP OF LAKEWOOD
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

At December 31, 2024, the State’s proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2024 measurement date was \$1,265,886.

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

Inflation Rate:		
Price		2.75%
Wage		3.25%
Salary Increases:	All future years 3.25 - 16.25%	
	Based on Years of Service	
Investment Rate of Return		7.00%

Employee mortality rates were based on the Pub-2010 amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the employers in the State Group and 100% of actuarially determined contributions for the employers in the Local Group. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Pension Obligations (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 79,746,324	\$ 55,814,375	\$ 35,884,306
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>15,721,817</u>	<u>11,003,685</u>	<u>7,074,514</u>
	<u>\$ 95,468,141</u>	<u>\$ 66,818,060</u>	<u>\$ 42,958,820</u>

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

Note 9. Municipal Debt

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Issued:			
General:			
Bonds, Notes and Loans	<u>\$ 75,081,000</u>	<u>\$ 64,560,000</u>	<u>\$ 46,960,000</u>
Total Debt Issued	<u>75,081,000</u>	<u>64,560,000</u>	<u>46,960,000</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	<u>97,156,400</u>	<u>11,378,672</u>	<u>15,634,438</u>
Total Authorized But Not Issued	<u>97,156,400</u>	<u>11,378,672</u>	<u>15,634,438</u>
Total Gross Debt	<u>\$ 172,237,400</u>	<u>\$ 75,938,672</u>	<u>\$ 62,594,438</u>
Deductions:			
General:			
Bonds per N.J.S.A.40A:2-52	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Net Debt	<u>\$ 172,237,400</u>	<u>\$ 75,938,672</u>	<u>\$ 62,544,438</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Municipal Debt (continued):

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 21,435,000	\$ 21,435,000	\$ -
General Debt	172,237,400	-	172,237,400
Total	<u>\$ 193,672,400</u>	<u>\$ 21,435,000</u>	<u>\$ 172,237,400</u>

Net Debt \$172,237,400 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$17,625,252,179, equals 0.977%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2024 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 616,883,826
Net Debt	<u>172,237,400</u>
Remaining Borrowing Power	<u>\$ 444,646,426</u>

General Debt

A. Serial Bonds Payable

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,955,000	\$ 1,658,663	\$ 6,613,663
2026	4,975,000	1,454,263	6,429,263
2027	4,570,000	1,259,938	5,829,938
2028	4,420,000	1,063,738	5,483,738
2029	3,060,000	885,513	3,945,513
2030-2034	12,600,000	2,970,338	15,570,338
2035-2039	11,225,000	1,405,288	12,630,288
2040-2042	1,950,000	174,684	2,124,684
	<u>\$ 47,755,000</u>	<u>\$ 10,872,425</u>	<u>\$ 58,627,425</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Municipal Debt (continued):

B. Bond Anticipation Notes

As of December 31, 2024, the Township had \$27,326,000 in various General Capital Bond Anticipation Notes.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2024, the Township had \$97,156,400 in various General Capital bonds and notes authorized but not issued.

Summary of Principal Debt

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

	Balance December 31, <u>2023</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2024</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 52,560,000	\$ -	\$ 4,805,000	\$ 47,755,000	\$ 4,955,000
Bond Anticipation Notes	12,000,000	27,326,000	12,000,000	27,326,000	27,326,000
Authorized But Not Issued	11,378,672	101,552,250	15,774,522	97,156,400	-
	<u>\$ 75,938,672</u>	<u>\$ 128,878,250</u>	<u>\$ 32,579,522</u>	<u>\$ 172,237,400</u>	<u>\$ 32,281,000</u>

Note 10. Deferred Compensation Salary Account

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

Note 11. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$10,377,817 at December 31, 2024.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2024, the Township has reserved in the Other Trust Fund \$1,229,245 to fund compensated absences in accordance with NJSA 40A:4-39.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 12. Risk Management

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

Joint Insurance Pool

The Township is a member of the Ocean County Municipal Joint Insurance Fund (JIF). This public entity risk pool is both an insured and self-administered group of 29 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen’s compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance Program. There were no settlements in excess of insurance coverage in 2024, 2023 and 2022.

New Jersey Unemployment Compensation Insurance

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

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 4,707	\$ 67,259	\$ 189,144
2023	119,917	75,698	251,696
2022	900	11,101	207,477

Note 13. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2024 the Township estimates that no material liabilities will result from such audits.

Litigation

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 13. Contingencies (continued):

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2024.

Note 14. Tax Abatements

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

For the year ended December 31, 2024, the Township abated property taxes totaling \$1,849,599 under this program, including the following tax abatement agreement that exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

Recipient	Purpose	Amount Abated
Erez Holdings, LLC	Commercial/Indust.	\$ 108,994
Avenue of the States Office Urban Renewal	Commercial/Indust.	306,341
Ocean Care Realty Urban Renewal	Commercial/Indust.	164,493
Cedarbridge Equity Urban Renewal	Commercial/Indust.	163,481
Cedar Bridge Office Urban Renewal	Commercial/Indust.	135,074
Cornerstone Equities Urban Renewal	Commercial/Indust.	210,275
Tower 2 Equity Urban Renewal	Commercial/Indust.	152,074
Pine Holdings Urban Renewal	Commercial/Indust.	213,786
Elanor Levoitz Senior Apartments	Commercial/Indust.	211,854
Tower Five Equity	Commercial/Indust.	96,494
500 Blvd. Urban Renewal LLC	Commercial/Indust.	<u>86,733</u>
		<u>\$ 1,849,599</u>

Note 15. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the Statement of Assets, Liabilities, Reserves and Fund Balances of the following funds:

<u>Description</u>	Balance December 31, <u>2023</u>	Amount Resulting From <u>2024</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Overexpenditure of Appropriation Reserves	\$ 1,185,459	\$ -	\$ 1,185,459
Trust Fund:			
Overexpenditure of Trust Fund	92,973	86,710	179,683

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 16. Postemployment Benefits Other Than Pensions

A. State Plan

General Information about the OPEB Plan

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

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

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

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

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles.

TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 16. Postemployment Benefits Other Than Pensions (continued):

Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2024 were \$4,833,833,875 and \$12,914,432,673, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Special Funding Situation

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

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

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

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 16. Postemployment Benefits Other Than Pensions (continued):

Additionally, the State’s proportionate share of the OPEB liability attributable to the Township is \$38,673,404 as of December 31, 2024. The OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The State’s proportion of the OPEB liability associated with the Township was based on a projection of the Township’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2024 was 0.793033%, which was an increase of 0.005751% from its proportion measured as of June 30, 2023, which is the same proportion as the Township’s. At December 31, 2024, the Township’s and the State of New Jersey’s proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 38,673,404.00

At December 31, 2024, the State’s proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2024 measurement date was \$(3,746,799).

B. Local Plan

General Information about the OPEB Plan

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

Employees and Retirees Covered – At December 31, 2023, the following employees were covered by the Township plan:

<u>Participant Data</u>	<u>Amount</u>
Active Employees	
Total	445
Average Age	43.0
Retired Employees	
Total	212
Average Age	67.0

Actuarial Assumptions and Other Inputs

This valuation has been conducted as of December 31, 2023 based on census, plan design and premium information provided by the Township. Census includes 212 retired participants (including spouses) and 445 active participants. The Measurement Date, for each fiscal year is as of the end of the prior year.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 16. Postemployment Benefits Other Than Pensions (continued):

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

Assumed Retirement Age	Attainment of 25 years of service or age 62 with 15 years of service if earlier
Rates of Mortality	PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021
Rates of Turnover	NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	3.72% Based on the Bond Buyer 20 Index as of December 31, 2022 3.26% Based on the Bond Buyer 20 Index as of December 31, 2023
Rate of Salary Increase	2.50%
Consumer Price Index	2.50%
Medical Trend	Medical: 5.1% in 2023, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026 Drug: 6.0% in 2023, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

Discount Rate – The discount rate is the single rate that reflects (1) the long-term expected rate of return on the OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that the OPEB plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of Aa, to the extent that the conditions for use of the long-term expected rate of return are not met. For the total OPEB liability calculation as of December 31, 2023, the discount rate utilized was 3.26%.

Changes in the Total OPEB Liability – The changes to the total OPEB Liability during the year ending December 31, 2023 were as follows:

Changes in the Total OPEB Liability	
Total OPEB Liability	
Balance as of 12/31/2022	\$ 31,398,595
Changes for the Year:	
Service Cost	3,923,079
Interest Cost	1,255,152
Changes of Assumptions	157,436,840
Benefits Paid (implicit)	<u>(3,162,072)</u>
Net Changes	<u>159,452,999</u>
Balance as of 12/31/2023	<u>\$ 190,851,594</u>

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 16. Postemployment Benefits Other Than Pensions (continued):

Other Supplementary Information

	December 31, 2023		
	At 1% Decrease	At Discount Rate (3.26%)	At 1% Increase
Total OPEB Liability	\$ 215,911,779	\$ 190,851,594	\$ 170,538,790

	December 31, 2023		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
Total OPEB Liability	\$ 174,286,637	\$ 190,851,594	\$ 211,262,839

* See Healthcare Cost Trend Assumptions for details of rates.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions or other inputs	145,397,623	-
Total	\$ 145,397,623	\$ -

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

Year Ending December 31,	
2024	\$ 12,039,217
2025	12,039,217
2026	12,039,217
2027	12,039,217
2028	12,039,217
Thereafter	85,201,538
	\$ 145,397,623

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 16. Postemployment Benefits Other Than Pensions (continued):

Schedule of Funding Progress

Year Ended	December 31,	
	2023	2022
Total OPEB Liability	\$190,851,594	\$ 31,398,595
Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$190,851,594</u>	<u>\$ 31,398,595</u>
Funded Ratio	0%	0%
Covered Payroll	N/A	N/A
Net OPEB Liability as a Percentage of Covered Payroll	N/A	N/A

Note 17. Reserve for Co-Gen Overpayments

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

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

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

Note 18. Lease Obligations

In accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's lease obligations and assets related to right to use leased assets. The right to use these leased assets and the corresponding lease obligation are not reported on the various statements of assets, liabilities, reserves and net position. At December 31, 2024, the Township did not have any lease obligations.

**TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 19. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and November 4, 2025, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Lakewood, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its Bond Anticipation Notes, Series 2025, in the aggregate principal amount of \$_____ (the "Notes"). The Notes are being issued pursuant to various bond ordinances duly adopted by the Issuer. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;

12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Noteholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may

take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: December __, 2025

TOWNSHIP OF LAKEWOOD, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
JOHN BARRETT,
Chief Financial Officer

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APPENDIX D
FORM OF BOND COUNSEL'S OPINION

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*An opinion in substantially the following form
will be delivered at Closing assuming no
material changes in facts or law.*

December __, 2025

Mayor and Township Committee of the
Township of Lakewood, in the
County of Ocean, New Jersey

RE: Township of Lakewood, County of Ocean, New Jersey
\$ _____ Bond Anticipation Notes, Series 2025

Dear Mayor and Members of the Township Committee:

We have examined a record of the proceedings relating to the issuance of \$ _____ Bond Anticipation Notes, Series 2025 (the "Notes") of the Township of Lakewood, in the County of Ocean, a municipal corporation of the State of New Jersey (the "Township"). The Notes are dated December __, 2025, mature December __, 2026, and bear interest at the rate of ___% per annum payable at maturity. The Notes [are initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York, in book-entry-only form] and are not subject to redemption prior to maturity.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), and in anticipation of the issuance of bonds and are authorized by virtue of the bond ordinances described in the Certificate of Determination and Award dated the date hereof (the "Bond Ordinances"). The Notes are being issued to (i) currently refund the Township's bond anticipation notes originally issued in the amount of \$27,326,000, dated December 19, 2024 and maturing December 18, 2025; (ii) temporarily finance the cost of various general capital improvements to be undertaken in and by the Township in the amount of \$50,000,000; and (iii) pay costs associated with the issuance of the Notes.

In forming our opinion, we have examined certified copies of the Bond Ordinances and the unexecuted notes. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Township dated the date of the Notes (the "Non-Arbitrage Certificate") for the purpose of

the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Notes, on a certificate of the Township executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Township which may have been provided to any purchaser or prospective purchaser of the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Township has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Township has certified to the effect that it expects to be able to, and will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes is not includable in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Township with the covenants contained in the Notes and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Township in respect of the Notes after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Notes. These covenants and statements relate to, *inter alia*, the use of proceeds of the Notes and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Township will comply with the provisions of the Non-Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Township therewith.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Notes are valid and legally binding obligations of the Township and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' or other equitable rights in general.

2. Interest on the Notes and any gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

3. Assuming the Township observes its covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Township furnished in connection with the sale of the Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DILWORTH PAXSON LLP

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