

BOROUGH OF LODI
County of Bergen, New Jersey

NJ Comprehensive Annual Financial Report
Year Ended December 31, 2017
(With Independent Auditors' Reports Thereon)

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NJ COMPREHENSIVE ANNUAL FINANCIAL REPORT
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BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

Introductory Section

**BOROUGH OF LODI
MUNICIPAL OFFICIALS
YEAR ENDED DECEMBER 31, 2017**

Name	Title	Term Expires
<u>GENERAL ADMINISTRATION</u>		
Emil Carafa, Jr.	Mayor	6/30/2019
Laura E. Cima	Deputy Mayor	6/30/2019
Patricia Ann Licata	Councilwoman	6/30/2019
Vincent Martin	Councilman	6/30/2019
Albert DiChiara	Councilman	6/30/2019
Vincent Caruso	Municipal Manager	
Carole L. D'Amico	Municipal Clerk	
	Registrar of Vital Statistics	
Alan Spiniello, Esq.	Borough Attorney	
Neglia Engineering Associates	Borough Engineer	
Di Maria & Di Maria, LLP	Borough Auditor	
Professional Insurance Associates, Inc.	Risk Management Consultants	
Rogut McCarthy, LLC	Bond Counsel	
Charles S. Cuccia	Chief Financial Officer	
Sheryl A. Biondi	Treasurer	
George Reggo	Tax Assessor	
Gary Stramandino	Tax Collector	
Martin P. Geisler, Esq.	Municipal Court Judge	6/30/2019
Patricia Biegel	Certified Municipal Court Administrator	
Carmine DeRosa	Deputy Court Administrator	
Vincent A. Quatrone	Chief of Police	
Mark DiPisa, Esq.	Municipal Prosecutor	
Frank P. Luciano, Esq.	Public Defender	
Paul Wanco	Fire Official	
Joel Lavin	Construction Official & Building Sub-Code Official	
Nicholas Melfi, Jr.	Building Inspector	
Robert Schultz	Electrical Sub-Code Official	
Gerald Walis	Fire Sub-Code Official	
Frank Giordano	Plumbing Sub-Code Official	
Arthur Woods	Housing & Zoning Inspector	
Brian Paladino	Superintendent of Public Works	
Eric Cuperwisch	Health Inspector	

**BOROUGH OF LODI
MUNICIPAL OFFICIALS
YEAR ENDED DECEMBER 31, 2017**

Name	Title	Term Expires
<u>PLANNING BOARD</u>		
Alexander J. Noreika	Chairperson	June 30, 2017
Francis Carrasco	Member	June 30, 2018
Thomas Palumbo	Member	June 30, 2019
Michael T. Apicella	Member	June 30, 2020
David Lortz	Member	June 30, 2019
Marjorie Breitweiser	Member	June 30, 2020
John Baldino, Jr.	Class I	June 30, 2018
Paul Wanco	Class II	June 30, 2018
Vincent Martin	Class III	June 30, 2018
Joseph Russo, Esq.	Planning Board Attorney	
Elaine DeNobile	Planning Board Secretary	
Gary Paparozzi	Planning Board Planner	
Thomas Solfaro/Michael Neglia	Planning Board Engineer	
<u>ZONING BOARD</u>		
Frank Gaciofano	Chairperson	June 30, 2021
Domenic Staine	Member	June 30, 2019
Bruce Gilson	Member	June 30, 2018
Thomas Biegel	Member	June 30, 2020
Stephen Jefferson	Member	June 30, 2020
Salvatore Bernice	Member	June 30, 2019
Patricia Esteves	Member	June 30, 2020
Andrew Cimiluca, Esq.	Zoning Board Attorney	
Elaine DeNobile	Zoning Board Secretary	
Gary Paparozzi	Zoning Board Planner	
Thomas Solfaro/Michael Neglia	Zoning Board Engineer	

BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

Financial Section

Di Maria & Di Maria LLP

Accountants & Consultants

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890
Facsimile 973.779.6891

Independent Auditors' Report

Honorable Mayor and Members of the Borough Council
Borough of Lodi, County of Bergen, New Jersey

Report on the Financial Statements

We have audited the accompanying combined comparative balance sheets (*regulatory basis*) of the various funds and account group of the Borough of Lodi, in the County of Bergen (the "Borough") as of and for the years ended December 31, 2017 and 2016, the related statement of operations and change in fund balance (*regulatory basis*) for the years then ended, and the related statement of operations and change in fund balance (*regulatory basis*) - budget and actual of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws 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.

Independent Auditors' Report (Continued)

Auditors' Responsibility

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

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

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

Independent Auditors' Report (Continued)

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

As described in Note 2, these financial statements have been prepared on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 11 of the financial statements, the Borough participates in a Length of Service Award Program ("LOSAP") for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$482,870 and \$398,227 for 2017 and 2016 respectively were not audited and, therefore, we express no opinion on the LOSAP program. The LOSAP Trust Fund balance is included in the Borough's Trust Fund financial activities and represented 11% and 13% of the Trust Fund's assets and liabilities as of December 31, 2017 and 2016 respectively.

Additionally, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* requires a State or Local Government employer to recognize a net pension liability measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. Since New Jersey municipalities and counties do not follow Generally Accepted Accounting Principles, a liability is not recognized on the Balance Sheet. However, State of New Jersey Local Finance Notice 2015-24 requires that municipalities and counties disclose GASB Statement No. 68 information in the Notes to the Financial Statements that meet the requirements of GASB Statement No. 68. The information that is disclosed in the Notes to the Financial Statements is more than 12 months prior to the Borough's year end and therefore does not meet the requirements of GASB No. 68.

Independent Auditors' Report (Continued)

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the financial statements (regulatory basis) referred to above present fairly, in all material respects, the financial position (regulatory basis) of the various funds and account group as of December 31, 2017 and 2016, and the results of operations and change in fund balance (regulatory basis) of such funds for the years then ended and the respective revenues (regulatory basis) and expenditures (regulatory basis) of the various funds for the year ended December 31, 2017 in accordance with the financial accounting and reporting principles and practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 2.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary data schedules listed in the table of contents, the letter of comments and recommendations section, and the accompanying schedules of expenditures of federal awards and the schedule of expenditures of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules listed above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules listed in the table of contents, the schedules of expenditures of federal awards, and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting as described in Note 2.

The letter of comments and recommendations section and the statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Independent Auditors' Report (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2018 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Borough's internal control over financial reporting and compliance.

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria

Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463

June 30, 2018

**BOROUGH OF LODI
COMBINED COMPARATIVE BALANCE SHEET (REGULATORY BASIS)
DECEMBER 31, 2017**

A-1

	Current Fund	Grant Fund	Trust Fund	General Capital Fund	Fixed Asset Account Group	Totals	
						2017	2016
<u>ASSETS AND OTHER DEBITS</u>							
Cash	\$ 10,183,571	\$ 389,071	\$ 2,387,117	\$ 3,372,543	\$ -	\$ 16,332,302	\$ 15,765,216
Deferred Compensation Assets	-	-	482,870	-	-	482,870	398,227
Interfunds Receivable	-	14,736	744	-	-	15,480	2,100,000
Intergovernmental Receivable	-	47,451	-	929,598	-	977,049	985,524
Accounts Receivable	696,452	-	-	-	-	696,452	842,641
Other Assets	322,881	-	1,418,533	-	-	1,741,414	-
Deferred Charges	792,000	-	18,446	22,215,817	-	23,026,263	23,894,852
Fixed Assets	-	-	-	-	36,261,745	36,261,745	36,261,745
Total Assets and Other Debits	\$ 11,994,904	\$ 451,258	\$ 4,307,710	\$ 26,517,958	\$ 36,261,745	\$ 79,533,575	\$ 80,248,205
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>							
Interfunds Payable	\$ 14,736	\$ 744	\$ -	\$ -	\$ -	\$ 15,480	\$ 2,100,000
Intergovernmental Payable	30,378	-	-	-	-	30,378	12,395
Other Liabilities and Reserves	2,384,385	450,514	4,307,710	426,881	-	7,569,490	5,549,537
Improvement Authorizations	-	-	-	3,647,234	-	3,647,234	4,183,205
Special Emergency Notes Payable	-	-	-	-	-	-	-
Serial Bonds Payable	-	-	-	15,370,000	-	15,370,000	10,100,000
Loans Payable	-	-	-	375,817	-	375,817	432,852
Bond Anticipation Notes Payable	-	-	-	6,470,000	-	6,470,000	12,171,000
Reserve for General Fixed Assets	-	-	-	-	36,261,745	36,261,745	36,261,745
Reserve for Receivables and Other Assets	1,019,333	-	-	-	-	1,019,333	842,641
Fund Balances	8,546,072	-	-	228,026	-	8,774,098	8,594,830
Total Liabilities, Reserves and Fund Balance	\$ 11,994,904	\$ 451,258	\$ 4,307,710	\$ 26,517,958	\$ 36,261,745	\$ 79,533,575	\$ 80,248,205

BOROUGH OF LODI
CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
<u>REVENUES AND OTHER CREDITS TO INCOME</u>	
Revenues:	
Fund Balance Anticipated	\$ 1,372,500
Miscellaneous Revenues	6,241,036
Receipts from Delinquent Taxes	174,352
Amount to be Raised by Taxation - Local	18,139,748
Amount to be Raised by Taxation - Library	687,470
Total Revenues	<u>\$ 26,615,106</u>
Other Credits to Income	45,218,672
Total Revenues and Other Credits to Income	<u>\$ 71,833,778</u>
 <u>EXPENDITURES AND OTHER CHARGES TO INCOME</u>	
Expenditures:	
Operations Within "CAPS":	
Salaries and Wages	\$ 9,925,500
Other Expenses	9,019,300
Deferred Charges and Statutory Expenditures	2,108,907
Operations Excluded From "CAPS":	-
Salaries and Wages	-
Other Expenses	2,338,919
Capital Improvements	100,000
Municipal Debt Service	1,924,002
Deferred Charges	304,000
Judgments	-
Reserve for Uncollected Taxes	350,000
Total Budget Expenditures	<u>\$ 26,070,628</u>
Other Expenses and Charges to Income	44,276,081
Total Expenditures	<u>\$ 70,346,709</u>
Statutory (Deficit)/Excess to Current Fund Balance	1,487,069
Transferred to Deferred Charge of Succeeding Year	-
Fund Balance, January 1	<u>8,431,503</u>
	9,918,572
Decreased by:	
Utilization as Anticipated Revenue	1,372,500
Fund Balance, December 31	<u><u>\$ 8,546,072</u></u>

BOROUGH OF LODI
CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE (REGULATORY BASIS)
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Budget as Modified	Actual	Variance
<u>REVENUES AND OTHER CREDITS TO INCOME</u>			
Revenues:			
Fund Balance Anticipated	\$ 1,372,500	\$ 1,372,500	\$ -
Miscellaneous Revenues	6,001,101	6,241,036	239,935
Receipts from Delinquent Taxes	-	174,352	174,352
Amount to be Raised by Taxation - Local	18,009,557	18,139,748	130,191
Amount to be Raised by Taxation - Library	687,470	687,470	-
Total Revenues	26,070,628	26,615,106	544,478
Other Credits to Income	43,962,581	45,218,672	1,256,091
Total Revenues and Other Credits to Income	<u>\$ 70,033,209</u>	<u>\$ 71,833,778</u>	<u>\$ 1,800,569</u>
<u>EXPENDITURES AND OTHER CHARGES TO INCOME</u>			
Expenditures:			
Operations Within "CAPS":			
Salaries and Wages	\$ 9,925,500	\$ 9,925,500	\$ -
Other Expenses	9,019,300	9,019,300	-
Deferred Charges and Statutory Expenditures	2,108,907	2,108,907	-
Operations Excluded From "CAPS":			
Salaries and Wages	-	-	-
Other Expenses	2,338,919	2,338,919	-
Capital Improvements	100,000	100,000	-
Municipal Debt Service	1,924,002	1,924,002	-
Deferred Charges	304,000	304,000	-
Judgments	-	-	-
Reserve for Uncollected Taxes	350,000	350,000	-
Total Budget Expenditures	26,070,628	26,070,628	-
Other Expenses	43,962,581	44,276,081	313,500
Total Expenditures	<u>\$ 70,033,209</u>	<u>\$ 70,346,709</u>	<u>\$ 313,500</u>
Statutory (Deficit)/Excess to Current Fund Balance		1,487,069	
Transferred to Deferred Charge of Succeeding Year		-	
Fund Balance, January 1		8,431,503	
		<u>9,918,572</u>	
Decreased by:			
Utilization as Anticipated Revenue		1,372,500	
Fund Balance, December 31		<u>\$ 8,546,072</u>	

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 1 - Reporting Entity, Organization and Function

A. Introduction

The Borough of Lodi (the "Borough") is an municipal corporation of the State of New Jersey located within the County of Bergen, located approximately 9 miles west of the City of New York. The Borough's population according to the 2010 census is 24,136.

The Borough operates under the 1923 Municipal Manager form of government form of government. The voters elect five members of a council and the mayor is selected from the council. The council functions strictly as a legislative body and administrative functions are prohibited. The Council may investigate the administration, may determine internal organization and may create and abolish boards and departments. The Council appoints a municipal manager, tax assessor, treasurer, auditor, municipal clerk, and an attorney. The manager is the municipal chief executive and executes laws and policies. Further duties include the preparation of the budget for council consideration and attendance at meetings with a voice, but no vote. The manager recommends improvements and implements those approved, as well as over-sees contracts and franchises and reports violations. It is the responsibility of the manager to appoint and remove department heads and make all additional appointments not made by the council.

The Borough operated on a state fiscal year until June 30, 2009, a transition fiscal year from July 1 to December 31, 2009 and reverted back to a calendar fiscal year starting on January 1, 2010. The municipal budget includes the following generally stated municipal services:

General Government Functions	Capital Improvements
Land Use Administration Functions	Debt Service
Public Safety Functions	Municipal Court Functions
Health and Human Service Functions	Code Enforcement Functions
Park and Recreation Functions	Educational Functions

B. Basis of Accounting

A modified accrual basis of accounting is followed with minor exceptions. Accounting principles prescribed for New Jersey municipalities by the Department of Community Affairs, Division of Local Government Services differ in certain respects from generally accepted accounting principles applicable to local government units.

C. Component Units

The financial statements of the component units of the municipality are not presented in accordance with Governmental Accounting Standards Board Statement No. 14 as amended by Statement No. 61. If the provisions of this statement had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the municipality:

Free Public Library

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies

Financial Statement Reporting

The financial statements contain all applicable funds and account groups in accordance with the "Requirements of Audit" and the "N.J. Comprehensive Annual Financial Report" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices 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. Under this method of accounting, the municipality accounts for its financial transactions through the following separate funds which differs from the funds required by generally accepted accounting principles (GAAP).

A. Funds and Account Groups

The accounts are organized into the following funds and account groups:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature.

Federal and State Grant Fund - The Federal and State Grant Fund accounts for the budgeted and unbudgeted revenue/receipt, expenditure/disbursement of federal and state grants which qualify for accounting treatment more closely related to GAAP.

Trust Fund - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. It is also the only fund, other than the Current Fund, that possesses the statutory authority to issue debt.

General Fixed Asset Account Group (Unaudited) - The General Fixed Asset Account Group accounts for Borough owned real and personal property in accordance with N.J.A.C. 5:30-5.6.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Budgets and Budgetary Accounting

The municipality must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten (10) days prior to the hearing in a newspaper published and circulated in the municipality. The public hearing must not be held less than twenty-eight (28) 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. An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last 2 months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level.

The Borough is not required to adopt budgets for the Trust and General Capital Funds.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

C. Cash and Investments

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 New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the municipality requires that funds be deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units. All certificates of deposit are recorded as cash regardless of date of maturity.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

D. 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. GAAP does not require the establishment of an offsetting reserve.

E. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

F. General Fixed Assets (Unaudited)

Accounting for Governmental Fixed Assets, as promulgated by N.J.A.C. 5:30-5.6 differs in certain respects from generally accepted accounting principles. The following is a brief description of the provisions of the statute. Property and equipment purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation. Purchases prior to December 31, 1985 are stated as assessed value for Land & Buildings and estimated historical cost for Machinery & Equipment. Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation on general fixed assets is recorded in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital have not been accounted for separately.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

G. Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed value when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Asset Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Asset Account Group. GAAP requires property to be recorded in the General Fixed Asset Account Group at the market value at the time of acquisition.

H. 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 al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

I. Appropriation Reserves

Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

J. Liens Sold for Other Governmental Units

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

K. Fund Balance

Fund Balances included in the current fund represent amounts available for anticipation as revenue in future years budgets, with certain restrictions.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Revenues

Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized as and when anticipated as such in the Borough's budget. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenues be recognized when the actual expenditures financed by the grant are made.

M. Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with the statutes. The amount of taxes levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the local free public library (if applicable), municipal open space (if applicable) and the entities described in "N" and "O" below. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when available and measurable reduced by an allowance for doubtful accounts.

N. School Taxes

The municipality is responsible for levying, collecting and remitting school taxes for the Local School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30. GAAP would require the recording of a deferred revenue.

O. County Taxes

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

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

P. Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the municipality's annual budget protects 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, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Q. Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31, are recorded as a cash liability. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long term debt which is recognized when due.

R. Compensated Absences and Postemployment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long term obligations.

S. Total Columns on Combined Statements

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

T. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

U. New Reporting Standard(s)

In June 2015, the Government Accounting Standards Board issued GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. This Statement is effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Borough does not believe this Statement will have any effect on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough does not believe this Statement will have any effect on future financial statements.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)
New Reporting Standard(s) (Continued)

In December 2015, the Government Accounting Standards Board issued GASB No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for reporting periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

**Note 2 - Summary of Significant Accounting Policies (Continued)
New Reporting Standard(s) (Continued)**

In November 2016, the Government Accounting Standards Board issued GASB No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (ARO's). The Borough does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Borough is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Borough is currently reviewing what effect, if any, this Statement may have on future financial statements.

In May 2017, the Government Accounting Standards Board issued GASB No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement may have on future financial statements.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 3 - Cash and Cash Equivalents

Change funds, petty cash, cash in banks, certificates of deposit and funds on deposit with the New Jersey Cash Management Fund are considered cash and cash equivalents.

A. Deposits

The Borough's deposits of public funds are insured by either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA which requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm.

At December 31, the municipality's deposits are summarized as follows:

<u>Year</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
2017	\$ 16,216,859	\$ 16,332,302

B. New Jersey Cash Management Fund

The State of New Jersey Cash Management Fund is managed by the State of New Jersey, Division of Investment under the Department of Treasury. It consists of U.S. Treasury obligations, government agency obligations, certificates of deposit and commercial paper. The Borough had no investments in the Fund as of December 31, 2017.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 4 - Investments

New Jersey Statutes permit the municipality to purchase the following types of securities for investment:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligation that a federal agency or federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of municipalities or bonds or other obligations of school districts.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local government investment pools.
- g. Agreement for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1(8a-8e).

In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2017 and 2016, the Borough had LOSAP investments of \$482,870 and \$398,227, respectively, which are subject to custodial credit risk as they are held in the pledging financial institution's trust department but are not in the Borough's name. In the event of the failure of the counterparty, the Borough may not be able to recover the value of the investments held by the outside party.

No other investments were held at December 31, 2017 or 2016.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 5 - Fixed Assets

The following is a summary of general fixed asset additions, deletions and adjustments for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Land	\$ 19,795,300	\$ -	\$ -	\$ -	\$ 19,795,300
Buildings	10,263,700	-	-	-	10,263,700
Machinery & Equipment	2,294,745	-	-	-	2,294,745
Vehicles	3,908,000	-	-	-	3,908,000
	<u>\$ 36,261,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,261,745</u>

No depreciation on general fixed assets is recorded in the financial statements in accordance with N.J.A.C. 5:30-5.6.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 6 - Municipal Debt

A. Types of Municipal Debt

Capital Debt

The "Local Bond Law" of New Jersey Statutes governs the issuance of bonds and notes to finance capital expenditures, and are permitted only from the General Capital Fund. Bonds and Notes are backed by the full faith and credit of the municipality. Capital projects financed under the Local Bond Law must have a minimum useful life of five years.

Bond Anticipation Notes - Bond Anticipation Notes ("BANs") are issued to temporarily finance projects prior to the issuance of permanent bonds. Generally, the term of BANs can not exceed one year, but may be renewed from time to time for periods not exceeding one year, and ultimately paid or permanently financed no later than the first day of the fifth month following the close of the tenth fiscal year following the original issue date of the BAN. New Jersey Statutes require that on or before the third anniversary date of the original BAN issue date, an amount at least equal to the first legally payable installment must be paid towards the BAN upon each renewal until permanently funded or retired.

Bonds - Bonds issued are retired in serial installments within statutory periods of usefulness. New Jersey Statutes limit installment increments unless approval for a non-conforming maturity schedule is approved by the Local Finance Board.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 6 - Municipal Debt (Continued)

The Borough's long term debt paid by the Current Fund consisted of the following at December 31, 2017:

\$3,550,000 - General Obligation Bonds Series 2005 issued 6/15/2005 payable in annual installments through 6/15/2017. Interest is paid semi-annually at varying rates from 3.25% to 4.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$0 as the final installment was made as scheduled.

\$11,350,000 - General Obligation Bonds Series 2013 issued 4/15/2013 payable in annual installments through 4/15/2028. Interest is paid semi-annually at varying rates from 1.00% to 3.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$8,900,000.

\$6,470,000 - General Obligation Bonds Series 2017 issued 11/1/2017 payable in annual installments through 11/1/2030. Interest is paid semi-annually at varying rates from 1.05% to 3.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$6,470,000.

\$234,007 - Green Trust Loan (Saddle River Park Acquisition) issued 2/28/1998 payable in semi-annual installments through 12/28/2017. Interest is paid semi-annually at 2.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$0 as the final installment was made as scheduled.

\$103,000 - Green Trust Loan (Saddle River Park Development) issued 9/21/1998 payable in semi-annual installments through 9/21/2017. Interest is paid semi-annually at 2.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$0 as the final installment was made as scheduled.

\$200,000 - Green Trust Loan (Kennedy Park Improvements) issued 10/15/2007 payable in semi-annual installments through 7/15/2027. Interest is paid semi-annually at 2.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$112,213.

\$231,929 - Green Trust Loan (Memorial Park Improvements) issued 8/27/2009 payable in semi-annual installments through 8/27/2027. Interest is paid semi-annually at 2.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$139,011.

\$257,500 - Green Trust Loan (Memorial Park Improvements) issued 6/5/2006 payable in semi-annual installments through 3/5/2026. Interest is paid semi-annually at 2.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$124,593.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 6 - Municipal Debt (Continued)

B. Comparative Summary of Debt and Remaining Borrowing Power

The following comparative information summarizes the statutory debt calculations of the municipality as reported on the municipality's Annual Debt Statement.

	December 31, <u>2017</u>
Issued:	
School Bonds and Notes	\$ -
General Bonds and Notes	<u>22,215,817</u>
	<u>22,215,817</u>
Authorized but not Issued:	
General Bonds and Notes	<u>\$ -</u>
Gross Debt	<u>\$ 22,215,817</u>
Deductions	<u>\$ -</u>
Net Debt	<u><u>\$ 22,215,817</u></u>
Equalized Valuation Basis	\$ 2,154,479,472
Statutory Net Debt Percentage	1.031%
3-1/2% of Equalized Valuation Basis	\$ 75,406,782
Remaining Borrowing Power	\$ 53,190,965

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 6 - Municipal Debt (Continued)

C. Long-Term Bonded Debt Service Requirements to Maturity

The annual debt service requirement for long-term obligations requirements to maturity, including principal and interest as of December 31, 2017 are as follows:

Calendar Year	11/1/17 General Improvement Bonds	
	Principal	Interest
2018	\$ 400,000	\$ 147,769
2019	410,000	143,569
2020	420,000	135,369
2021	430,000	126,969
2022	450,000	118,369
2023	475,000	109,369
2024	500,000	99,869
2025	510,000	89,869
2026	525,000	79,030
2027	525,000	67,218
2028	525,000	54,750
2029	650,000	39,000
2030	650,000	19,500
	<u>\$ 6,470,000</u>	<u>\$ 1,230,650</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 6 - Municipal Debt (Continued)

C. Long-Term Bonded Debt Service Requirements to Maturity (Continued)

Calendar Year	10/15/07 Green Trust Loan Kennedy Park Improvements		8/27/09 Green Trust Loan Memorial Park Improvements	
	Principal	Interest	Principal	Interest
	2018	\$ 10,243	\$ 2,193	\$ 12,690
2019	10,449	1,987	12,945	2,462
2020	10,659	1,777	13,205	2,202
2021	10,874	1,563	13,470	1,937
2022	11,092	1,345	13,741	1,666
2023	11,315	1,122	14,017	1,389
2024	11,542	894	14,299	1,108
2025	11,774	662	14,586	820
2026	12,011	426	14,880	527
2027	12,254	184	15,178	228
	<u>\$ 112,213</u>	<u>\$ 12,153</u>	<u>\$ 139,011</u>	<u>\$ 15,056</u>

Calendar Year	6/5/06 Green Trust Loan Memorial Park Improvements		4/15/13 General Improvement Bonds	
	Principal	Interest	Principal	Interest
	2018	\$ 13,588	\$ 2,424	\$ 675,000
2019	13,861	2,151	700,000	198,094
2020	14,140	1,873	725,000	183,844
2021	14,424	1,588	750,000	169,094
2022	14,714	1,298	775,000	153,843
2023	15,009	1,003	800,000	137,594
2024	15,311	701	825,000	119,297
2025	15,619	394	850,000	96,750
2026	7,927	79	875,000	70,875
2027	-	-	925,000	43,875
2028	-	-	1,000,000	15,000
	<u>\$ 124,593</u>	<u>\$ 11,511</u>	<u>\$ 8,900,000</u>	<u>\$ 1,400,109</u>

**BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017**

Note 6 - Municipal Debt (Continued)

C. Long-Term Bonded Debt Service Requirements to Maturity (Continued)

<u>Calendar Year</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,111,521	\$ 366,946
2019	1,147,255	348,263
2020	1,183,004	325,065
2021	1,218,768	301,151
2022	1,264,547	276,521
2023	1,315,341	250,477
2024	1,366,152	221,869
2025	1,401,979	188,495
2026	1,434,818	150,937
2027	1,477,432	111,505
2028	1,525,000	69,750
2029	650,000	39,000
2030	650,000	19,500
	<u>\$ 15,745,817</u>	<u>\$ 2,669,479</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 6 - Municipal Debt (Continued)

D. Summary of Changes in Municipal Debt

During the fiscal year ended December 31, 2017, the following changes occurred in liabilities reported as general long-term debt:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Short-Term Debt:				
Tax Anticipation Notes	\$ -	\$ -	\$ -	\$ -
Bond Anticipation Notes	12,171,000	6,470,000	(12,171,000)	6,470,000
Emergency Notes	-	-	-	-
	<u>\$ 12,171,000</u>	<u>\$ 6,470,000</u>	<u>\$ (12,171,000)</u>	<u>\$ 6,470,000</u>
Long-Term Debt:				
Serial Bonds	\$ 10,100,000	\$ 6,470,000	\$ (1,200,000)	\$ 15,370,000
Loans Payable	432,852	-	(57,035)	375,817
Authorized but not Issued	95,000	-	(95,000)	-
	<u>\$ 10,627,852</u>	<u>\$ 6,470,000</u>	<u>\$ (1,352,035)</u>	<u>\$ 15,745,817</u>
	<u>\$ 22,798,852</u>	<u>\$ 12,940,000</u>	<u>\$ (13,523,035)</u>	<u>\$ 22,215,817</u>

	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Short-Term Debt:			
Tax Anticipation Notes	\$ -	\$ -	-
Bond Anticipation Notes	6,470,000	6,470,000	-
Emergency Notes	-	-	-
	<u>\$ 6,470,000</u>	<u>\$ 6,470,000</u>	<u>\$ -</u>
Long-Term Debt:			
Serial Bonds	\$ 15,370,000	\$ 1,075,000	\$ 14,295,000
Loans Payable	375,817	36,521	339,296
Authorized but not Issued	-	-	-
	<u>\$ 15,745,817</u>	<u>\$ 1,111,521</u>	<u>\$ 14,634,296</u>
	<u>\$ 22,215,817</u>	<u>\$ 7,581,521</u>	<u>\$ 14,634,296</u>

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 7 - Risk Management

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Boro should they occur. The Borough of Lodi is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment and worker's compensation. The BJIF and MEL coverage amounts are on file with the Borough. The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to insurance, to report claims on a timely basis, cooperate with the management of the Fund, its claims investigation and settlement, and to follow risk management procedures as outlined by the insurance pools. Members have a contractual obligation to fund any deficit of the insurance fund attributable to a membership year during which the municipality was a member. The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and preventive procedures to be followed by the members. There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years. Contributions to the Funds, including a reserve for contingencies, are payable in four installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the State of New Jersey provides the administration of payments to former employees of the Borough. The Borough is billed quarterly for benefits paid to former employees. A separate dedicated unemployment Trust account is not maintained. Unemployment expenditures are charged against Current fund budget appropriations under the title "Unemployment Compensation".

Unemployment expenditures for the past 3 years are as follows:

CY2017 - \$ 0
CY2016 - \$ 1,496
CY2015 - \$ 29,557

**BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017**

Note 8 - Interfunds

As of December 31, 2017 interfund balances on the Borough's various balance sheets were as follows:

	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Grant Fund	\$ 14,736	\$ 744
Current Fund	-	14,736
Trust Fund	744	-
	<u>\$ 15,480</u>	<u>\$ 15,480</u>
		-

Interfund balances are comprised of the following:

Interfund balances are due to unpaid interfund loans, interest not being turned over and/or expenditures paid from an incorrect fund. It is anticipated that all interfunds will be liquidated during the subsequent fiscal year.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 9 - Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Current Period</u>	<u>Appropriated in</u> <u>Subsequent</u> <u>Year's Budget</u>	<u>Balance to</u> <u>Succeeding</u>
Current Fund:			
Overexpenditures	\$ -	\$ -	\$ -
Expenditures Without Appropriations:	-	-	-
Deficit in Operations	-	-	-
Emergency Authorizations - 1 Year	-	-	-
Special Emergency	-	-	-
Authorizations (40A:4-53)	792,000	264,000	528,000
	<u>\$ 792,000</u>	<u>\$ 264,000</u>	<u>\$ 528,000</u>

Note 10 - Retirement Plans

Description of the Plans

All required employees of the Borough are covered by either the Public Employees' Retirement System (PERS) or the Police and Fireman's Retirement System (PFRS) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (the "Division"). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

The State also established and administers a Supplemental Annuity Collective Trust Fund ("SACT") which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

Additionally, the State also administers the Pensions Adjustment Fund ("PAF"). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60% of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost-of-living increase for PERS and PFRS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for the local PERS system is 48.01% and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for the local PFRS is 58.6% and \$17.2 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 PERS and PFRS actuarial valuations, the date of the most recent actuarial valuations, the five year average of market value was used as the asset valuation method. The actuarial assumptions included (a) 7.00% for investment rate of return and (b) changes to projected salary increases of 1.65% to 5.15% based on age for PERS and 2.10% to 9.98% based on age for PFRS.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 10 - Retirement Plans (Continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) 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. PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey 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 or local jurisdiction.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, employer contributions and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms consistent with the accrual basis of accounting. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Borough's liability of for its proportionate share of the net pension liability was \$10,220,535 which is not required to be reflected in the financial statements but is a required disclosure under GASB 68. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At June 30, 2017, the Borough's proportion was 0.04390%, which was an increase of 0.00244% from its proportion measured as of June 30, 2015 which was rolled forward to June 30, 2016.

For the year ended December 31, 2017, the Borough recognized PERS related pension expense of \$413,810 representing the required annual contribution. At June 30, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 240,658	\$ -
Changes of assumptions	2,059,086	2,051,537
Net difference between projected and actual earnings on pension plan investments	69,595	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	425,589	1,058,085
Total	<u>\$ 2,794,928</u>	<u>\$ 3,109,622</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended 6/30:</u>
2018	\$ 238,223
2019	359,381
2020	217,768
2021	(289,833)
2022	(210,845)
	<u>\$ 314,694</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 10 - Retirement Plans (Continued)
Public Employees' Retirement System (PERS) (Continued)

Collective balances are as follows:

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Collective deferred outflows of resources (Local Group)	\$ 6,424,455,842	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources (Local Group)	\$ 5,700,625,981	\$ 870,133,595	\$ 993,410,555
Collective net pension liability (Non State - Local Group)	\$ 23,278,401,588	\$ 29,617,131,759	\$ 22,447,996,119
Borough's Portion of net pension liability	\$ 10,220,535	\$ 13,727,381	\$ 9,895,187
Borough's Proportion	0.0439056563%	0.0463494612%	0.0440804914%

Actuarial Assumptions

The total pension liability in the July 1, 2016 actuarial valuation, which was rolled forward to June 30, 2017, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age
Investment Rate of Return	7.00%

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a 1 year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. The RP-2000 Disabled Mortality Tables (setback 3 years for males and set forward 1 year for females) are used to value disabled retirees.

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

Long-Term Expected Rate of Return

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

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

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

**Note 10 - Retirement Plans (Continued)
PERS Actuarial Assumptions (Continued)**

Discount rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate

The following presents the Borough's June 30, 2017 proportionate share of the net pension liability calculated using the discount rate of 5.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Borough's proportionate share of the \$ net pension liability	12,679,596	\$ 10,220,535	\$ 8,172,340

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010 effective May 21, 2010 to new Tier 2 employees of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000. The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007, Chapter 103, P.L. 2007, Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010, plan members are required to contribute 5.5% of their annual covered salary and employers contribute 3% of employees base salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS. Retirement benefits for age and service are available at ages 60, 62 or 65 and are generally determined to be 1/55 or 1/60 of the final average salary for each year of service credit, as defined depending on the employees membership tier. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to 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.

**Note 10 - Retirement Plans (Continued)
PERS Vesting and Benefit Provisions (Continued)**

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems. Chapter 78's provisions impacting employee pension and health benefits include:

1. New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
2. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
3. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
4. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011.
5. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
6. The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
7. New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
8. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements

The PERS contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified that amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. PERS provides for employee contributions of 7.20% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate for PERS. The current PERS rate is 13.37% of covered payroll.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 10 - Retirement Plans (Continued)

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System (PFRS) 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. The Police and Firemen's Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey 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 or local jurisdiction.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PFRS and additions to/deductions from PFRS fiduciary net position have been determined on the same basis as they are reported by PFRS. For this purpose, employer contributions and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms consistent with the accrual basis of accounting. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Borough's liability of for its proportionate share of the net pension liability was \$24,148,749 which is not required to be reflected in the financial statements but is a required disclosure under GASB 68. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, rolled forward to June 30, 2017. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2017 and 2016. At June 30, 2017, the Borough's proportion was 0.1564%, which was a decrease of 0.0063% from its proportion measured as of June 30, 2015 rolled forward to June 30, 2016.

For the year ended December 31, 2017, the Borough recognized PFRS related pension expense of \$1,224,097 representing the required annual contribution. At June 30, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 156,663	\$ 141,733
Changes of assumptions	2,977,810	3,954,859
Net difference between projected and actual earnings on pension plan investments	460,815	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,093,633	800,918
Total	<u>\$ 4,688,921</u>	<u>\$ 4,897,510</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended 6/30:</u>
2018	\$ 122,275
2019	331,657
2020	-
2021	(459,355)
2022	(203,166)
	<u>\$ (208,589)</u>

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

**Note 10 - Retirement Plans (Continued)
Police and Firemen's Retirement System (PFRS) (Continued)**

Collective balances are as follows:

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Collective deferred outflows of resources (Non Special Funding)	\$ 2,941,952,753	\$ 4,547,316,543	\$ 3,512,729,953
Collective deferred inflows of resources (Non Special Funding)	\$ 3,262,432,093	\$ 688,197,590	\$ 871,083,367
Collective net pension liability (Non Special Funding)	\$ 15,438,066,691	\$ 19,102,557,969	\$ 16,656,514,197
Borough's Portion of net pension liability	\$ 24,148,749	\$ 28,679,283	\$ 26,331,568
Borough's Proportion	0.1564234012%	0.1501332075%	0.1580857056%

Actuarial Assumptions

The total pension liability in the July 1, 2016 actuarial valuation, which was rolled forward to June 30, 2017, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.00%

Post-retirement mortality rates for male service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then 3 years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

Long-Term Expected Rate of Return

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

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

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

**Note 10 - Retirement Plans (Continued)
PFRS Actuarial Assumptions (Continued)**

Discount rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year.

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate

The following presents the Borough's June 30, 2017 proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 6.14%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Borough's proportionate share of the \$ net pension liability	31,818,392	\$ 24,148,749	\$ 17,848,340

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

PFRS Vesting and Benefit Provisions

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after four years of service. Retirement benefits for age and service 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 early retirement after achieving 25 years of service credit, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of 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.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members contributions providing no survivor death benefits are payable.

Contribution Requirements

The PFRS contribution policy 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 the actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate for PFRS. The current PFRS rate is 27.35% of covered payroll.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 11 - Deferred Compensation Plans (Unaudited)

A. Description

The Borough offers its qualifying volunteers participation in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by outside contractors, permit participants (qualifying volunteers) to defer a portion of their Borough contributions until future years. Amounts deferred under the plan are not available to participants until termination, retirement, unforeseeable emergency or, upon death, to their beneficiaries.

All amounts of Borough contribution deferred under the plan and all income attributable to those amounts are (until paid or made available to the qualifying volunteer or other beneficiary) solely the property and rights of the Borough subject only to the claims of the Borough's general creditors. Participants' rights under the plan are equal to those of general creditors of the Borough in an equal amount to the fair value of the deferred account for each participant.

It is the opinion of the Borough's legal counsel that the Borough has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrators, who manages the plan on behalf of the Borough. Investment selection by the participants may change from time to time, as the Borough manages none of the investment selections. By making the selection, participants accept and assume all risks that adhere in the plan and its administration.

Information pertaining to the plan offered by the Borough is as follows:

Lincoln National Life Insurance Co.

This plan administers Borough contributions towards its Volunteer Length of Service Award Program (LOSAP).

	<u>2017</u>
Assets, Beginning of Year (Market Value)	\$ 398,227
Municipal Contribution	15,570
Earnings and Adjustments to Market Value	72,021
Payments to Eligible Volunteers	(398)
Charges and Credits	<u>(2,550)</u>
Assets, Ending of Year (Market Value)	<u>\$ 482,870</u>

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 12 - Other Post Retirement Benefits

A. Compensated Absences

The Borough has permitted certain employees and bargaining units to accrue unused sick & vacation pay with certain limitations which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with accounting practices prescribed by the Division of Local Government Services, this amount is not recorded as either an expenditure or a liability. The Borough approximates this liability at December 31, 2017 to be \$2,400,000.

No formal records of accumulated absences liability were maintained or available at the time of audit. Refer to the comments section at the end of this report for additional information.

B. Health Care Benefits

The Borough provides, at its cost, post-employment health care benefits in accordance with the provisions of Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981 which permits local public employers to pay the premium charges for certain eligible pensioners and their dependents and to reimburse Part B Medicare premiums for such retirees and their spouses covered by the New Jersey State Health Benefits Program.

Plan Description: The Borough of Lodi contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2008, the Borough of Lodi authorized participation in the SHBP's post-retirement benefit program through resolution number 09-91.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 12 - Other Post Retirement Benefits (Continued)

B. Health Care Benefits (Continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP as well as dental premiums are billed to the Borough of Lodi on a monthly basis. The 2017 rates charged by the system for each medical coverage category ranged from \$564.44 to \$3,458.37 per month and \$60 to \$179 per month for each dental coverage category.

The Borough of Lodi's contributions to SHBP (including separate dental benefit premiums) paid for the year ended December 31, 2017 for all bargaining units noted was approximately \$997,000, which equaled the required contributions for the year. There were approximately 35 retired medical participants and 36 dental participants eligible at December 31, 2017.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 12 - Other Post Retirement Benefits (Continued)

B. Health Care Benefits (Continued)

Eligibility for participation in the SHBP post-retirement benefit program by collective bargaining unit are as follows:

Lodi White Collar Employee Association

Employees with at least twenty five (25) years of service with the Borough of Lodi and at least fifty five (55) years of age upon retirement or separation from service provided such separation from service is for other than cause, are entitled to health benefits up to age sixty five (65) and the Borough shall provide the same medical plan, including family plan if applicable, as was provided to such retired employee on the last day of active service for the Borough subject to any limitations provided by law. At age sixty five (65) said health benefits shall terminate after which time the Borough shall reimburse the employee up to the amount of \$3,000 per year for any supplemental health coverage, provided that the employee purchases same and said reimbursement shall be payable to the employee upon receiving an invoice from the insurance company that provided the health coverage unless or except otherwise restricted by law. Employees with at least twenty (20) years of service with the Borough of Lodi and at least fifty-five (55) years of age upon retirement or separation from service provided such separation from service is for other than cause, will be eligible to receive supplemental health coverage up to \$2,000 per year upon attaining Medicare coverage. Said employees must produce an invoice from their insurance company that provided the health coverage unless or except otherwise restricted by law. This reimbursement shall be made to eligible retirees for the remainder of their lives.

The Borough will maintain the prescription drug program and dental coverage as was provided to each retired employee on the last day of active service for the Borough up until age sixty five (65). Any contribution required toward health care coverage as mandated by State law will be applicable to retirees covered per the above.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 12 - Other Post Retirement Benefits (Continued)

B. Health Care Benefits (Continued)

Lodi White Collar Department Heads and Supervisors Employee Association

Employees with at least twenty five (25) years of service with the Borough of Lodi and at least fifty five (55) years of age upon retirement or separation from service provided such separation from service is for other than cause, are entitled to health benefits up to age sixty five (65) and the Borough shall provide the same medical plan, including family plan if applicable, as was provided to such retired employee on the last day of active service for the Borough subject to any limitations provided by law. At age sixty five (65) said health benefits shall terminate after which time the Borough shall reimburse the employee up to the amount of \$3,000 per year for any supplemental health coverage, provided that the employee purchases same and said reimbursement shall be payable to the employee upon receiving an invoice from the insurance company that provided the health coverage unless or except otherwise restricted by law. Employees with at least twenty (20) years of service and at least fifty-five (55) years of age upon retirement or separation from service, provided such separation is other than for cause, shall be eligible to receive supplemental health coverage up to \$2,000 per year upon attaining Medicare Coverage. Employees must produce an invoice from their insurance company that provided the health coverage unless or except otherwise restricted by law. This reimbursement shall be made to eligible retirees for the remainder of their lives.

The Borough will maintain the prescription drug program and dental coverage as was provided to each retired employee on the last day of active service for the Borough up until age sixty five (65). Any contribution required toward health care coverage as mandated by State law will be applicable to retirees covered per the above.

The Lodi Public Works Employee Association, United Service Workers Union IUJAT, Local 1N, Lodi D.P.W. Unit

Employees with at least twenty five (25) years of service with the Borough of Lodi and at least fifty five (55) years of age upon retirement or separation from service provided such separation from service is for other than cause, are entitled to health benefits up to age sixty five (65) and the Borough shall provide the same medical plan, including family plan if applicable, as was provided to such retired employee on the last day of active service for the Borough subject to any limitations provided by law. At age sixty five (65) said health benefits shall terminate after which time the Borough shall reimburse the employee up to the amount of \$3,000 per year for any supplemental health coverage, provided that the employee purchases same and said reimbursement shall be payable to the employee upon receiving an invoice from the insurance company that provided the health coverage unless or except otherwise restricted by law. This reimbursement shall be made to eligible retirees for the remainder of their lives.

The Borough will maintain the prescription drug program and dental coverage as was provided to each retired employee on the last day of active service for the Borough up until age sixty five (65). Any contribution required toward health care coverage as mandated by State law will be applicable to retirees covered per the above.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 12 - Other Post Retirement Benefits (Continued)

B. Health Care Benefits (Continued)

Municipal Manager

The Borough is not required to provide post retirement medical and dental insurance coverage to the current Municipal Manager under his employment agreement as he already receives retirement health benefits through the Borough from his former employment as Police Chief. Refer to the PBA contract below for details.

Chief of Police, Deputy Chief of Police and The Policemen's Benevolent Association, Local 26 (Lodi Unit)

Upon retirement, the employees covered under this heading upon retirement or separation from service are entitled to health benefits up to the qualifying age for Medicare and the Borough shall provide the same medical plan, including family plan if applicable, as was provided to such retired employee on the last day of active service for the Borough subject to any limitations provided by law.

The Borough will maintain the prescription drug program and dental coverage as was provided to each retired employee on the last day of active service for the Borough up until the qualifying age for Medicare as primary coverage.

Upon reaching Medicare age, Medicare becomes the individual's primary coverage and the employer's continued coverage becomes secondary so that the total benefits that the retiree would have had if not retired would not be diminished.

Any contribution required toward health care coverage as mandated by State law will be applicable to retirees covered per the above.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 13 - Contingencies

A. Litigation

The Borough is a party to various legal proceedings which normally occur in the operation of government. These proceedings are not likely to have a materially adverse affect on the various funds of the Borough.

B. Federal and State Grants

The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed, the Borough may be required to reimburse the grantor agency. As of December 31, 2017, significant amounts of grant expenditures have not been audited. The Borough believes that any future disallowed expenditures will not have a material effect on its financial position.

C. Tax Appeals

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, to be material. As of December 31, 2017, the Borough did not record reserves in the Current Fund for tax appeals pending in the New Jersey Tax Court and is not appropriating any amount in the 2018 budget. Funding of any ultimate liability would be provided for in succeeding years' budgets, from fund balance or by issuance of refunding bonds.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 14 - Fund Balances Appropriated

Fund balances at December 31, 2017 and 2016 which were appropriated and included as anticipated revenue in their respective funds for the years ending December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Current Fund	\$ 2,143,446	\$ 1,372,500

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 15 - Economic Dependency

The Borough of Lodi is not economically dependent on any one business or industry as a major source of tax revenue for the Borough.

**BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Note 16 - Subsequent Events

As of the date of this report, the following are considered material subsequent events:

A. Subsequent Year Capital Projects

The Borough's 2018 Capital Budget currently includes the following:

Purpose	Total	CIF and Other Funded Sources	Bonds & Notes Authorized
#2018-02 Stream Bank Stabilization	\$ 300,000	\$ 20,000	\$ 280,000
#2018-04 Various Improvements To Municipal Facilities	600,000	5,000	95,000
#2018-05 Acquisition of Vehicles for Various Departments	600,000	5,000	95,000
#2018-06 Acquisition of Machinery & Equipment	900,000	10,000	140,000
#2018-07 Road, Curb & Sidewalk Program (Local)	1,800,000	15,000	285,000
#2018-08 Sanitary Sewer System Improvements	900,000	10,000	140,000
#2018-09 Road, Curb & Sidewalk Program (Federal)	900,000	10,000	140,000
#2018-15 HVAC Improvements at the Municipal Complex	250,000	15,000	235,000
Improvements to Voto-Tedesco Field	50,000	50,000	-
	<u>\$ 6,300,000</u>	<u>\$ 140,000</u>	<u>\$ 1,410,000</u>

The remaining unfunded balance of \$4,750,000 will be funded in future years.

B. Bond Anticipation Notes

On February 15, 2018 the Borough issued a Bond Anticipation Note in the amount of \$760,000, to temporarily finance expenditures related to the undertaking of the Lodi High School synthetic turf athletic field project. The Borough paid down \$190,000 to the maturing notes derived from the 2018 Current Fund budget. The new note consisted of \$760,000 of renewed obligations and \$0 of new borrowing. The Borough awarded the sale of said note to Spencer Savings Bank, SLA at an interest rate of 1.75% receiving no premium. This note will mature on February 15, 2019.

On May 18, 2018 the Borough issued a Bond Anticipation Note in the amount of \$5,440,000 to temporarily finance expenditures related to Phase V of the downtown redevelopment. The Borough paid down \$80,000 to the maturing notes derived from the 2018 Current Fund budget. The new note consisted of \$5,440,000 of renewed obligations and \$0 of new borrowing. The Borough awarded the sale of said note to Spencer Savings Bank, SLA at an interest rate of 2.51% receiving no premium. This note will mature on May 17, 2019.

The Borough has evaluated subsequent events through June 30, 2018, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

**BOROUGH OF LODI
CURRENT FUND
BALANCE SHEET (REGULATORY BASIS)**

	2017	2016
ASSETS AND OTHER DEBITS		
Cash:		
Operating Account	\$ 10,183,071	\$ 11,271,884
Change Fund	500	500
	<u>\$ 10,183,571</u>	<u>\$ 11,272,384</u>
Other Receivables:		
Delinquent Property Taxes	\$ 168,665	\$ 120,337
Tax Title Liens Receivable	509,540	704,057
Property Acquired for Taxes at Assessed Valuation	18,247	18,247
	<u>\$ 696,452</u>	<u>\$ 842,641</u>
Other Assets:		
Prepaid Local District School Taxes	\$ 322,881	\$ -
	<u>\$ 322,881</u>	<u>\$ -</u>
Deferred Charges:		
Emergency Authorizations	\$ -	\$ -
Special Emergency Authorizations (N.J.S. 40A:4-53.1)	792,000	1,096,000
	<u>\$ 792,000</u>	<u>\$ 1,096,000</u>
Total Assets and Other Debits	<u>\$ 11,994,904</u>	<u>\$ 13,211,025</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Interfunds Payable:		
General Capital Fund	\$ -	\$ 2,100,000
Grant Fund	14,736	-
	<u>\$ 14,736</u>	<u>\$ 2,100,000</u>
Intergovernmental Payable:		
County of Bergen	\$ 23,023	\$ 6,966
State of New Jersey	7,355	5,429
	<u>\$ 30,378</u>	<u>\$ 12,395</u>
Other Liabilities and Reserves:		
Appropriation Reserves	\$ 1,051,796	\$ 1,044,178
Reserve for Encumbrances	189,461	149,666
Taxes Collected in Advance	1,066,502	568,926
Tax Overpayments	76,626	61,716
	<u>\$ 2,384,385</u>	<u>\$ 1,824,486</u>
Reserve for Receivables and Other Assets	<u>\$ 1,019,333</u>	<u>\$ 842,641</u>
Fund Balance	<u>\$ 8,546,072</u>	<u>\$ 8,431,503</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 11,994,904</u>	<u>\$ 13,211,025</u>

BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017

	Budget As Modified	Realized	Excess/ (Deficit)
Fund Balance Anticipated	\$ 1,372,500	\$ 1,372,500	\$ -
Miscellaneous Revenues:			
Alcoholic Beverage Licenses	\$ 20,000	\$ 20,470	\$ 470
Other Licenses	45,000	53,824	8,824
Fees and Permits	240,000	254,243	14,243
Municipal Court Fines and Costs	500,000	481,411	(18,589)
Interest and Costs on Taxes	95,000	105,763	10,763
Interest on Investments and Deposits	15,000	27,964	12,964
Sewer Charges	1,800,000	1,827,693	27,693
Consolidated Municipal Property Tax Relief Aid	340,094	329,636	(10,458)
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	1,589,450	1,599,908	10,458
Uniform Construction Code Fees	195,000	290,832	95,832
Lodi BOE - Synthetic Turf at LHS - Principal	90,000	90,000	-
Lodi BOE - Synthetic Turf at LHS - Interest	7,500	7,500	-
Municipal Alliance on Alcoholism and Drug Abuse	11,667	11,667	-
Recycling Tonnage Grant	23,341	23,341	-
Body Armor Replacement Program	4,109	4,109	-
Clean Communities Program	46,438	46,438	-
Alcohol Education & Rehabilitation Grant	4,291	4,291	-
Uniform Fire Safety Act - State	37,000	50,854	13,854
Uniform Fire Safety Act - Local	200,000	262,216	62,216
Cable TV Franchise Fees - Cablevision	210,000	193,684	(16,316)
Cable TV Franchise Fees - Verizon FIOS	100,000	111,360	11,360
P.V.W.C. Water Utility Lease Payment	72,211	73,474	1,263
Host Community Fees	85,000	90,635	5,635
Cellular Tower Lease - AT&T	33,000	40,632	7,632
Cellular Tower Lease - (Metro PCS)	20,000	20,000	-
School Security Reimbursement - Lodi BOE	100,000	100,000	-
BAN Reimbursement (Railroad Plaza LLC)	117,000	119,091	2,091
Total Miscellaneous Revenues	<u>\$ 6,001,101</u>	<u>\$ 6,241,036</u>	<u>\$ 239,935</u>
Receipts From Delinquent Taxes	<u>\$ -</u>	<u>\$ 174,352</u>	<u>\$ 174,352</u>
Amount to be Raised by Taxation - Local	\$ 18,009,557	\$ 18,139,748	\$ 130,191
Amount to be Raised by Taxation - Library	687,470	687,470	-
	<u>\$ 18,697,027</u>	<u>\$ 18,827,218</u>	<u>\$ 130,191</u>
Total Budget Revenues	<u>\$ 26,070,628</u>	<u>\$ 26,615,106</u>	<u>\$ 544,478</u>

BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017

	Budget As Modified	Realized	Excess/ (Deficit)
Other Credits to Income:			
Local District School Tax	\$ 38,746,566	\$ 38,746,566	\$ -
County Tax	4,985,526	4,985,526	-
Added County Tax	22,179	22,179	-
County Open Space Tax	207,466	207,466	-
Added County Open Space Tax	844	844	-
Non-Budget Revenues	-	632,250	632,250
Unexpended Balance of Budget Appropriations	-	126,923	126,923
Unexpended Balance of Appropriation Reserves and Encumbrances	-	496,918	496,918
Interfund Loans Returned	-	-	-
Grant Fund Overages	-	-	-
Cancellations and Adjustments	-	-	-
Total Other Credits to Income	<u>\$ 43,962,581</u>	<u>\$ 45,218,672</u>	<u>\$ 1,256,091</u>
Total Revenues and Credits to Income	<u>\$ 70,033,209</u>	<u>\$ 71,833,778</u>	<u>\$ 1,800,569</u>

**BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Appropriated			Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved		
<u>OPERATIONS WITHIN "CAPS"</u>							
GENERAL GOVERNMENT FUNCTIONS:							
General Administration:							
Salaries and Wages	\$ 230,000	\$ -	\$ 230,000	\$ 228,989	\$ 1,011	\$ -	\$ -
Other Expenses	125,000	-	155,000	154,621	379	-	-
Mayor and Council:							
Salaries and Wages	32,500	-	32,500	32,500	-	-	-
Other Expenses	10,000	-	10,000	7,785	2,215	-	-
Municipal Clerk:							
Salaries and Wages	180,000	-	180,000	179,151	849	-	-
Other Expenses	75,000	-	55,000	40,017	14,983	-	-
Financial Administration:							
Salaries and Wages	150,000	-	150,000	150,000	-	-	-
Other Expenses	175,000	-	165,000	130,678	34,322	-	-
Computerized Data Processing:							
Other Expenses	80,000	-	65,000	62,000	3,000	-	-
Audit Services:							
Other Expenses	50,000	-	55,000	13,094	41,906	-	-
Revenue Administration:							
Salaries and Wages	150,000	-	150,000	149,670	330	-	-
Other Expenses	30,000	-	20,000	7,638	12,362	-	-
Tax Assessment Administration:							
Salaries and Wages	85,000	-	85,000	85,000	-	-	-
Other Expenses	50,000	-	30,000	9,037	20,963	-	-
Legal Services:							
Other Expenses	275,000	-	275,000	254,740	20,260	-	-
Engineering Services:							
Other Expenses	75,000	-	73,000	67,591	5,409	-	-

**BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
LAND USE ADMINISTRATION:						
Planning Board:						
Salaries and Wages	2,500	-	2,500	2,167	333	-
Other Expenses	7,500	-	5,500	3,416	2,084	-
Zoning Board of Adjustment:						
Salaries and Wages	120,000	-	122,000	122,000	-	-
Other Expenses	7,500	-	9,500	9,218	282	-
Property Maintenance:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	15,000	-	15,000	3,559	11,441	-
INSURANCE:						
Liability Insurance	422,400	-	422,400	420,858	1,542	-
Worker Compensation Insurance	518,900	-	518,900	435,746	83,154	-
Employee Group Insurance	2,785,000	-	2,785,000	2,785,000	-	-
Insurance Deductible	20,000	-	20,000	615	19,385	-
Other Insurance Premiums	30,000	-	30,000	10,615	19,385	-
Employee Group Insurance - Cash in Lieu	10,000	-	10,000	10,000	-	-
Unemployment Compensation	30,000	-	30,000	-	30,000	-

**BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Appropriated			Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>							
PUBLIC SAFETY FUNCTIONS:							
Police:							
Salaries and Wages	\$ 5,800,000	\$ -	\$ 5,800,000	\$ 5,799,983	17	\$ -	\$ -
Other Expenses	280,000	-	280,000	208,773	71,227	-	-
Other Expenses - Police Car Lease	-	-	-	-	-	-	-
Police Clerical:							
Salaries and Wages	140,000	-	165,000	164,948	52	-	-
Parking Enforcement:							
Salaries and Wages	55,000	-	30,000	29,462	538	-	-
Crossing Guards:							
Salaries and Wages	400,000	-	400,000	400,000	-	-	-
Other Expenses	10,000	-	10,000	9,777	223	-	-
School Security:							
Salaries and Wages	250,000	-	250,000	250,000	-	-	-
Other Expenses	10,000	-	10,000	-	10,000	-	-
911/Dispatch:							
Other Expenses	335,000	-	335,000	335,000	-	-	-
Office of Emergency Management:							
Salaries and Wages	12,000	-	12,000	11,617	383	-	-
Other Expenses	10,000	-	10,000	4,869	5,131	-	-
Aid to Volunteer Fire Companies:							
Other Expenses	90,000	-	79,936	69,327	10,609	-	-
Fire Department:							
Other Expenses	85,000	-	85,000	63,238	21,762	-	-
Fire Prevention:							
Salaries and Wages	220,000	-	220,000	219,160	840	-	-
Other Expenses	15,000	-	15,000	14,702	298	-	-
Municipal Prosecutor's Office:							
Salaries and Wages	15,000	-	15,000	15,000	-	-	-

**BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
PUBLIC WORKS FUNCTIONS:						
Streets and Road Maintenance:						
Salaries and Wages	950,000	-	950,000	942,333	7,667	-
Other Expenses	300,000	-	330,000	328,819	1,181	-
DPW Clerical:						
Salaries and Wages	65,000	-	65,000	64,688	312	-
Sewer Processing & Disposal:						
Other Expenses	100,000	-	70,000	69,062	938	-
Buildings & Grounds:						
Salaries and Wages	330,000	-	330,000	330,000	-	-
Other Expenses	75,000	-	75,000	45,477	29,523	-
Shade Tree:						
Other Expenses	25,000	-	32,500	31,830	670	-
Solid Waste Collection:						
Other Expenses	750,000	-	750,000	703,687	46,313	-
Recycling:						
Salaries and Wages	7,500	-	7,500	7,000	500	-
Other Expenses - Contract	100,000	-	100,000	38,934	61,066	-
Vehicle Maintenance:						
Other Expenses	200,000	-	200,000	169,498	30,502	-

**BOROUGH OF LODI
 CURRENT FUND
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
HEALTH AND HUMAN SERVICES FUNCTIONS:						
Vital Statistics:						
Salaries and Wages	17,000	-	17,000	17,000	-	-
Animal Control:						
Other Expenses	60,000	-	60,000	47,126	12,874	-
Health Department:						
Other Expenses	75,000	-	129,000	69,203	59,797	-
PARK AND RECREATION FUNCTIONS:						
Recreation Services and Programs:						
Salaries and Wages	222,000	-	222,000	222,000	-	-
Other Expenses	135,000	-	127,500	99,219	28,281	-
OTHER COMMON OPERATING FUNCTIONS:						
Celebration of Public Events:						
Other Expenses	30,000	-	30,000	27,529	2,471	-

**BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
MUNICIPAL COURT:						
Municipal Court Administration:						
Salaries and Wages	\$ 270,000	\$ -	\$ 270,000	\$ 270,000	\$ -	\$ -
Other Expenses	20,000	-	20,000	11,089	8,911	-
Public Defender:						
Salaries and Wages	15,000	-	15,000	15,000	-	-
UNIFORM CONSTRUCTION CODE:						
Code Enforcement and Administration:						
Salaries and Wages	205,000	-	205,000	204,865	135	-
Other Expenses	20,000	-	20,000	6,625	13,375	-
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	475,000	-	475,000	422,254	52,746	-
Street Lighting	125,000	-	125,000	118,763	6,237	-
Telephone	125,000	-	125,000	98,548	26,452	-
Water	30,000	-	30,000	22,893	7,107	-
Gasoline	150,000	-	146,064	107,044	39,020	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:						
Dump Fees	600,000	-	600,000	591,466	8,534	-
Total Operations Within "CAPS"	<u>\$ 18,944,800</u>	<u>\$ -</u>	<u>\$ 18,944,800</u>	<u>\$ 18,053,513</u>	<u>\$ 891,287</u>	<u>\$ -</u>
Detail:						
Salaries and Wages	\$ 9,923,500	\$ -	\$ 9,925,500	\$ 9,912,533	\$ 12,967	\$ -
Other Expenses	\$ 9,021,300	\$ -	\$ 9,019,300	\$ 8,140,980	\$ 878,320	\$ -

**BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Appropriated			Expended		Unexpended	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</u>							
DEFERRED CHARGES:							
Emergency Authorizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
STATUTORY EXPENDITURES:							
Social Security System (O.A.S.I.)	450,000	-	450,000	443,974	6,026	-	-
Local Firemen's Pension Fund	20,000	-	20,000	13,000	7,000	-	-
Public Employees' Retirement System (PERS)	413,810	-	413,810	413,810	-	-	-
Police and Fireman's Retirement System (PFRS)	1,224,097	-	1,224,097	1,224,097	-	-	-
DCRP	1,000	-	1,000	-	1,000	-	-
	<u>\$ 2,108,907</u>	<u>\$ -</u>	<u>\$ 2,108,907</u>	<u>\$ 2,094,881</u>	<u>\$ 14,026</u>	<u>\$ -</u>	<u>-</u>
Total General Appropriations Within "CAPS"	\$ 21,053,707	\$ -	\$ 21,053,707	\$ 20,148,394	\$ 905,313	\$ -	-

**BOROUGH OF LODI
 CURRENT FUND
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER APPROPRIATIONS</u>						
EDUCATIONAL FUNCTIONS:						
Municipal Library:						
Other Expenses - Third of a Mil	687,470	-	687,470	550,417	137,053	-
Other Expenses - Additional	-	-	-	-	-	-
UTILITY EXPENSES AND BULK PURCHASES:						
Other Expenses - PVSC	1,533,684	-	1,533,684	1,533,684	-	-
STATUTORY EXPENDITURES:						
Other Expenses - LOSAP	25,000	-	25,000	15,570	9,430	-
Insurance						
Employee Group Insurance	-	-	-	-	-	-
	\$ 2,246,154	\$ -	\$ 2,246,154	\$ 2,099,671	\$ 146,483	\$ -

**BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Appropriated			Expended		Unexpended	
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>							
Recycling Tonnage Grant	\$ 23,341	\$ -	\$ 23,341	\$ 23,341	\$ -	\$ -	-
Alcohol Education Rehabilitation Fund	4,291	-	4,291	4,291	-	-	-
Clean Communities Program	46,438	-	46,438	46,438	-	-	-
Body Armor Replacement Program	4,109	-	4,109	4,109	-	-	-
Municipal Alliance - State	11,667	-	11,667	11,667	-	-	-
Municipal Alliance - Local	2,919	-	2,919	2,919	-	-	-
	<u>\$ 92,765</u>	<u>\$ -</u>	<u>\$ 92,765</u>	<u>\$ 92,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Total Operations Excluded From "CAPS"	<u>\$ 2,338,919</u>	<u>\$ -</u>	<u>\$ 2,338,919</u>	<u>\$ 2,192,436</u>	<u>\$ 146,483</u>	<u>\$ -</u>	<u>-</u>
Detail:							
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Other Expenses	\$ 2,338,919	\$ -	\$ 2,338,919	\$ 2,192,436	\$ 146,483	\$ -	-

BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017

	Appropriated		Expended		Unexpended		
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"							
Capital Improvement Fund	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
Down Payment on Improvements	-	-	-	-	-	-	-
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017

	Appropriated			Expended		Unexpended	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>							
Bond Principal	\$ 1,200,000	\$ -	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ -
Bond Interest	236,094	-	236,094	236,094	-	-	-
Payment of Bond Anticipation Notes & Capital	-	-	-	-	-	-	-
Interest on Notes	205,000	-	205,000	79,210	-	125,790	-
Lodi RailRoad Plaza - Principal	80,000	-	80,000	80,000	-	-	-
Lodi RailRoad Plaza - Interest	40,000	-	40,000	39,091	-	909	-
Lodi BOE - Synthetic Turf Installation at LHS - Principal	90,000	-	90,000	90,000	-	-	-
Lodi BOE - Synthetic Turf Installation at LHS - Interest	7,500	-	7,500	7,276	-	224	-
Interest on Special Emergency Note	-	-	-	-	-	-	-
Green Trust Loan Principal - 0231-03-080	12,440	-	12,440	12,440	-	-	-
Green Trust Loan Interest - 0231-03-080	2,967	-	2,967	2,967	-	-	-
Green Trust Loan Principal	14,645	-	14,645	14,645	-	-	-
Green Trust Loan Interest	220	-	220	220	-	-	-
Green Trust Loan Principal - 0231-95-059	6,589	-	6,589	6,589	-	-	-
Green Trust Loan Interest - 0231-95-059	99	-	99	99	-	-	-
Green Trust Loan Principal - 0231-03-080a	13,320	-	13,320	13,320	-	-	-
Green Trust Loan Interest - 0231-03-080a	2,692	-	2,692	2,692	-	-	-
Green Trust Loan Principal - 0231-05-015	10,041	-	10,041	10,041	-	-	-
Green Trust Loan Interest - 0231-05-015	2,395	-	2,395	2,395	-	-	-
	\$ 1,924,002		\$ 1,924,002	\$ 1,797,079	\$ -	\$ 126,923	\$ -

**BOROUGH OF LODI
 CURRENT FUND
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended		
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
<u>DEFERRED CHARGES</u>							
Emergency Authorizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Authorizations - 1 year	-	-	-	-	-	-	-
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4)	304,000	-	304,000	304,000	-	-	-
Deferred Charges to Future Taxation	-	-	-	-	-	-	-
	<u>\$ 304,000</u>	<u>\$ -</u>	<u>\$ 304,000</u>	<u>\$ 304,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017

	Appropriated		Expended		Unexpended	
Adopted	Emergency	Budget After	Paid or	Reserved	Balance	Overexpended
Budget	Appropriation	Modification	Charged		Canceled	
<u>JUDGMENTS</u>						
Judgments (N.J.S. 40A:4-45.3c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended		
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
Total General Appropriations - Excluded From "CAPS"	\$ 4,666,921	\$ -	\$ 4,666,921	\$ 4,393,515	\$ 146,483	\$ 126,923	\$ -
Sub-Total General Appropriations	\$ 25,720,628	\$ -	\$ 25,720,628	\$ 24,541,909	\$ 1,051,796	\$ 126,923	\$ -
Reserve for Uncollected Taxes	\$ 350,000		\$ 350,000	\$ 350,000	\$ -	\$ -	\$ -
Total General Appropriations	\$ 26,070,628	\$ -	\$ 26,070,628	\$ 24,891,909	\$ 1,051,796	\$ 126,923	\$ -
Budget as Adopted	\$ 26,070,628	\$ -	\$ 26,070,628				
Added by N.J.S. 40A:4-87	-	-	-				
Emergency Appropriations	-	-	-				
	\$ 26,070,628	\$ -	\$ 26,070,628				
Other Charges to Income:							
Local District School Tax			\$ 38,746,566	\$ 38,746,566			
County Tax			4,985,526	4,985,526			
Added County Tax			22,179	22,179			
County Open Space Tax			207,466	207,466			
Added County Open Space Tax			844	844			
Interfund Advances Originating			-	-			
Prepaid School Taxes Adjustment			-	-			
Refund of Prior Year Revenue			-	313,500			
			\$ 43,962,581	\$ 44,276,081			

BOROUGH OF LODI
GRANT FUND
BALANCE SHEET (REGULATORY BASIS)

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash	\$ 389,071	\$ 328,970
Interfund Receivable:		
Current Fund	\$ 14,736	\$ -
Intergovernmental Receivable:		
Grants Receivable	\$ 47,451	\$ 55,926
Total Assets	<u>\$ 451,258</u>	<u>\$ 384,896</u>
<u>RESERVES</u>		
Interfund Payable:		
Trust Fund	\$ 744	\$ -
Other Liabilities and Reserves:		
Encumbrances Payable	\$ -	\$ 1,171
Appropriated Reserves	379,428	305,546
Unappropriated Reserves	71,086	78,179
	<u>\$ 450,514</u>	<u>\$ 384,896</u>
Total Reserves	<u>\$ 451,258</u>	<u>\$ 384,896</u>

BOROUGH OF LODI
GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

Program	Balance December 31, 2016	Revenue Realized	Received	Unappropriated Reserve Applied	Adjustments	Balance December 31, 2017
Federal:						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State:						
Municipal Alliance on Alcoholism and Drug Abuse	\$ 20,152	\$ 11,667	\$ 23,222	\$ -	\$ 3,080	\$ 11,677
Recycling Tonnage Grant	-	23,341	-	23,341	-	-
Body Armor Replacement Program	-	4,109	-	4,109	-	-
Clean Communities Program	-	46,438	-	46,438	-	-
Alcohol Education & Rehabilitation Program	-	4,291	-	4,291	-	-
	<u>\$ 20,152</u>	<u>\$ 89,846</u>	<u>\$ 23,222</u>	<u>\$ 78,179</u>	<u>\$ 3,080</u>	<u>\$ 11,677</u>
Other:						
Bergen County Prosecutor's Office - Confiscated Funds	\$ 35,774	\$ -	\$ -	\$ -	\$ -	\$ 35,774
	<u>\$ 35,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,774</u>
Total	<u>\$ 55,926</u>	<u>\$ 89,846</u>	<u>\$ 23,222</u>	<u>\$ 78,179</u>	<u>\$ 3,080</u>	<u>\$ 47,451</u>

BOROUGH OF LODI
GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2017

Program	Balance December 31, 2016	Amount Budgeted	Paid or Charged	Cancellations & Adjustments	Balance December 31, 2017
Federal:					
None	\$ -	\$ -	\$ -	\$ -	\$ -
<hr/>					
State:					
Recycling Tonnage Grant	\$ 104,616	\$ 23,341	\$ -	\$ -	\$ 127,957
Body Armor Replacement Program	2,524	4,109	2,817	-	3,816
Drunk Driving Enforcement Fund	14,004	-	330	-	13,674
Municipal Alliance on Alcoholism and Drug Abuse:					
State Share	9,419	11,667	7,897	(1,920)	11,269
Local Share	-	2,919	2,919	-	-
Clean Communities Program:	121,619	46,438	4,175	-	163,882
Alcohol Education Rehabilitation Program	17,591	4,291	-	(6,128)	15,754
Alcohol Education Rehabilitation Fund DWI - Municipal Court	-	-	744	8,047	7,303
	<u>\$ 269,773</u>	<u>\$ 92,765</u>	<u>\$ 18,882</u>	<u>\$ (1)</u>	<u>\$ 343,655</u>
Other:					
B.C. Prosecutor Confiscated Funds	\$ 35,773	\$ -	\$ -	\$ -	\$ 35,773
	<u>\$ 305,546</u>	<u>\$ 92,765</u>	<u>\$ 18,882</u>	<u>\$ (1)</u>	<u>\$ 379,428</u>

BOROUGH OF LODI
GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2017

Program	Balance December 31, 2016	Amount Budgeted	Amount Received	Adjustments	Balance December 31, 2017
Alcohol Education Rehabilitation Fund DWI - Municipal Court	\$ 4,291	\$ 4,291	\$ 5,083	\$ -	\$ 5,083
Recycling Tonnage Grant	23,341	23,341	22,355	-	22,355
Clean Communities Program	46,438	46,438	39,452	-	39,452
Body Armor Fund	4,109	4,109	4,196	-	4,196
	<u>\$ 78,179</u>	<u>\$ 78,179</u>	<u>\$ 71,086</u>	<u>\$ -</u>	<u>\$ 71,086</u>

**BOROUGH OF LODI
TRUST FUND
BALANCE SHEET (REGULATORY BASIS)**

D-1

	Dog License Trust	Escrow Deposits	Referee & Umpire Trust	Flexible Spending Trust	Other Trust	Employee		Totals	
						Benefit Trust	LOSAP Trust (Unaudted)	2017	2016
ASSETS									
Cash	\$ 19,863	\$ 467,834	\$ 7,022	\$ 3,823	\$ 1,884,672	\$ 3,903	\$ -	\$ 2,387,117	\$ 2,563,331
Deferred Compensation Assets:									
Lincoln National Life Insurance Co.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 482,870	\$ 482,870	\$ 398,227
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 482,870	\$ 482,870	\$ 398,227
Deferred Charges:									
Overexpended Reserves	\$ -	\$ -	\$ -	\$ -	\$ 18,446	\$ -	\$ -	\$ 18,446	\$ -
Other Assets:									
Paper Bonds Held in Trust	\$ -	\$ 1,418,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,418,533	\$ -
Interfund Receivable:									
Grant Fund	\$ -	\$ -	\$ -	\$ -	\$ 744	\$ -	\$ -	\$ 744	\$ -
Total Assets	\$ 19,863	\$ 1,886,367	\$ 7,022	\$ 3,823	\$ 1,903,862	\$ 3,903	\$ 482,870	\$ 4,307,710	\$ 2,961,558
LIABILITIES AND RESERVES									
Other Liabilities and Reserves:									
Reserve for Dog Expenditures	\$ 19,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,863	\$ 17,139
Reserve for Developer's Escrow Deposits	-	467,834	-	-	-	-	-	467,834	590,082
Reserve for Employee Benefit Expenditures	-	-	-	-	-	3,903	-	3,903	1,551
Reserve for Code Enforcement Penalty Expenditures	-	-	-	-	18,207	-	-	18,207	8,707
Reserve for Fire Department Penalty Expenditures	-	-	-	-	45,190	-	-	45,190	31,890
Reserve for Parking Offenses Adjudication Act Expenditures	-	-	-	-	65,777	-	-	65,777	65,452
Reserve for Tax Sale Premiums	-	-	-	-	1,587,599	-	-	1,587,599	1,561,999
Reserve for Outside Police Employment Expenditures	-	-	-	-	107,273	-	-	107,273	182,121
Reserve for April '07 Nor'easter Expenditures	-	-	-	-	4,935	-	-	4,935	4,938
Reserve for Public Defender Fees	-	-	-	-	25,964	-	-	25,964	20,826
Reserve for JIF Accreditation Expenditures	-	-	-	-	11,895	-	-	11,895	8,937
Reserve for Other Miscellaneous Trust Expenditures	-	-	-	-	37,022	-	-	37,022	36,101
Reserve for Referee & Umpire Expenditures	-	-	7,022	-	-	-	-	7,022	8,144
Reserve for Flexible Spending Account Expenditures	-	-	-	3,823	-	-	-	3,823	3,973
Reserve for Deferred Compensation Plan	-	-	-	-	-	-	482,870	482,870	398,227
Paper Bonds for Escrow	-	1,418,533	-	-	-	-	-	1,418,533	-
Total Other Liabilities and Reserves	\$ 19,863	\$ 1,886,367	\$ 7,022	\$ 3,823	\$ 1,903,862	\$ 3,903	\$ 482,870	\$ 4,307,710	\$ 2,961,558
Total Liabilities and Reserves	\$ 19,863	\$ 1,886,367	\$ 7,022	\$ 3,823	\$ 1,903,862	\$ 3,903	\$ 482,870	\$ 4,307,710	\$ 2,961,558

**BOROUGH OF LODI
GENERAL CAPITAL FUND
BALANCE SHEET (REGULATORY BASIS)**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash:		
Checking Account	\$ 3,372,543	\$ 1,600,531
Grants Receivable	\$ 929,598	\$ 929,598
Interfund Receivable - Current Fund	\$ -	\$ 2,100,000
Deferred Charges to Future Taxation:		
Funded	\$ 15,745,817	\$ 10,532,852
Unfunded	6,470,000	12,266,000
	<u>\$ 22,215,817</u>	<u>\$ 22,798,852</u>
Total Assets	<u>\$ 26,517,958</u>	<u>\$ 27,428,981</u>
<u>LIABILITIES AND RESERVES</u>		
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 65,630	\$ 20,630
Reserve for Payment of Debt Service	361,251	357,967
	<u>\$ 426,881</u>	<u>\$ 378,597</u>
Improvement Authorizations:		
Funded	\$ 3,362,136	\$ 936,128
Unfunded	285,097	3,247,077
	<u>\$ 3,647,233</u>	<u>\$ 4,183,205</u>
Serial Bonds Payable	\$ 15,370,000	\$ 10,100,000
Loans Payable	\$ 375,817	\$ 432,852
Bond Anticipation Notes Payable	\$ 6,470,000	\$ 12,171,000
Fund Balance	\$ 228,027	\$ 163,327
Total Liabilities and Reserves	<u>\$ 26,517,958</u>	<u>\$ 27,428,981</u>

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017**

Improvement Description	Balance December 31, 2016	Improvement Authorized	Cash Received	Cancelled		Balance December 31, 2017
				Imp. Auth.	Deferred Charge	
Federal:						
Community Development	\$ 46,268	\$ -	\$ -	\$ -	\$ -	\$ 46,268
Community Development: #2014-07 2014 Road Recon. and Curb & Sidewalk Replacement Program	220,000	-	-	-	-	220,000
State:						
State of N.J. Department of Transportation	551,694	-	-	-	-	551,694
State of N.J. Department of Consumer Affairs	13,500	-	-	-	-	13,500
State of N.J. Department of Transportation: #2012-12 Church Street Resurfacing (NJDOT)	17,083	-	-	-	-	17,083
#2014-06 Resurfacing of Central Avenue - Phase I (NJDOT)	26,053	-	-	-	-	26,053
County:						
Bergen County Open Space: #2015-13 Improvements to Voto/Tedesco Field	55,000	-	-	-	-	55,000
Total Grants Receivable	<u>\$ 929,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929,598</u>

**BOROUGH OF LODI
 GENERAL CAPITAL FUND
 SCHEDULE OF INTERFUND RECEIVABLE
 YEAR ENDED DECEMBER 31, 2017**

Due From	Balance December 31, 2016	Increased by	Decreased by	Balance December 31, 2017
Current Fund	\$ 2,100,000	\$ -	\$ 2,100,000	\$ -

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2017**

Date of Issue - Purpose	Interest Rate	Amount of Issue	Balance December 31, 2016	Issued	Paid by Budget Appropriation	Balance December 31, 2017
06/15/05 General Improvement Bonds	Various	\$ 3,550,000	\$ 550,000	\$ -	\$ 550,000	\$ -
04/15/13 General Improvement Bonds	Various	11,350,000	9,550,000	-	650,000	8,900,000
11/01/17 General Improvement Bonds	Various	6,470,000	-	6,470,000	-	6,470,000
02/28/98 Green Trust Loan (Saddle River Park Acquisition)	2.00%	234,007	14,645	-	14,645	-
09/21/98 Green Trust Loan (Saddle River Park Development)	2.00%	103,000	6,589	-	6,589	-
10/15/07 Green Trust Loan (Kennedy Park Improvements)	2.00%	200,000	122,254	-	10,041	112,213
08/27/09 Green Trust Loan (Memorial Park Improvements)	2.00%	231,929	151,451	-	12,440	139,011
06/05/06 Green Trust Loan (Memorial Park Improvements)	2.00%	257,500	137,913	-	13,320	124,593
			<u>\$ 10,532,852</u>	<u>\$ 6,470,000</u>	<u>\$ 1,257,035</u>	<u>\$ 15,745,817</u>
						-
			Serial Bonds Payable			10,100,000
			Loans Payable			432,852
			<u>10,532,852</u>			<u>15,745,817</u>

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2017**

Improvement Description	Balance December 31, 2016	Authorized	Notes Paid by Budget Appropriation	Deferred Charges Paid by Budget Appropriation	Cash Receipts Applied	Transferred to Deferred Charges Funded	Adjustments	Balance December 31, 2017	Analysis of Balance		
									Financed by BANs	B&N Authorized	Deficit Cash Balance
#909-12 Downtown Redevelopment - Phase V	\$ 5,600,000	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 5,520,000	\$ 5,520,000	\$ -	\$ -
#2012-06 H.S. Turf Athletic Field	1,140,000	-	90,000	-	100,000	-	-	950,000	950,000	-	-
#2013-03 Improvements to Municipal Facilities	90,000	-	-	-	-	90,000	-	-	-	-	-
#2013-04 Acquisition of Vehicles	80,000	-	-	-	-	80,000	-	-	-	-	-
#2013-05 Acquisition of Equipment	90,000	-	-	-	-	90,000	-	-	-	-	-
#2013-06 Improvements to Sanitary Sewer System	230,000	-	-	-	230,000	-	-	-	-	-	-
#2013-07 2012 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	270,000	-	-	-	-	270,000	-	-	-	-	-
#2013-08 Acquisition of New Fire Pumper	720,000	-	-	-	-	720,000	-	-	-	-	-
#2014-02 Improvements to Municipal Facilities	225,000	-	-	-	225,000	-	-	-	-	-	-
#2014-03 Acquisition of Various Vehicles	95,000	-	-	-	-	95,000	-	-	-	-	-
#2014-04 Acquisition of Various Equipment & Machinery	95,000	-	-	-	-	95,000	-	-	-	-	-
#2014-05 2014 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	285,000	-	-	-	-	285,000	-	-	-	-	-
#2014-06 Resurfacing of Central Avenue (Phase I)	26,000	-	-	-	1,000	25,000	-	-	-	-	-
#2014-07 2014 Road Reconstruction and Curb & Sidewalk Replacement Program (Federal)	75,000	-	-	-	-	75,000	-	-	-	-	-
#2015-08 Improvements to Municipal Facilities	285,000	-	-	-	-	285,000	-	-	-	-	-
#2015-09 Acquisition of Various Vehicles	95,000	-	-	-	-	95,000	-	-	-	-	-
#2015-10 Acquisition of New Equipment & Machinery for Various Departments	140,000	-	-	-	140,000	-	-	-	-	-	-
#2015-11 2015 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	285,000	-	-	-	-	285,000	-	-	-	-	-
#2015-12 Stream Bank Stabilization	190,000	-	-	-	-	190,000	-	-	-	-	-
#2015-13 Improvements to Voto/Tedesco Field	50,000	-	-	-	-	50,000	-	-	-	-	-
#2016-11 Improvements to Municipal Facilities	95,000	-	-	-	-	95,000	-	-	-	-	-
#2016-12 Acquisition of New Automotive Vehicles	95,000	-	-	-	-	95,000	-	-	-	-	-
#2016-13 Acquisition of Various Equipment & Machinery	140,000	-	-	-	-	140,000	-	-	-	-	-
#2016-14 2106 Road Reconstruction	285,000	-	-	-	-	285,000	-	-	-	-	-
#2016-15 Sanitary Sewer Improvements	140,000	-	-	-	140,000	-	-	-	-	-	-
#2016-16 Replacement of Turf Field - Kennedy Park	380,000	-	-	-	-	380,000	-	-	-	-	-
#2016-17 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	1,065,000	-	-	-	-	1,065,000	-	-	-	-	-
#2017-05 Improvements to Municipal Facilities	-	95,000	-	-	-	95,000	-	-	-	-	-
#2017-06 Acquisition of New Vehicles	-	95,000	-	-	-	95,000	-	-	-	-	-
#2017-07 Acquisition of New Equipment	-	140,000	-	-	-	140,000	-	-	-	-	-
#2017-08 2017 Road Reconstruction and Curb & Sidewalk Replacement Program (LOCAL)	-	285,000	-	-	-	285,000	-	-	-	-	-
#2017-09 Sanitary Sewer System Improvements	-	140,000	-	-	-	140,000	-	-	-	-	-
#2017-10 Acquisition of New Equipment	-	190,000	-	-	-	190,000	-	-	-	-	-
	<u>\$ 12,266,000</u>	<u>\$ 945,000</u>	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ 101,000</u>	<u>\$ 6,470,000</u>	<u>\$ -</u>	<u>\$ 6,470,000</u>	<u>\$ 6,470,000</u>	<u>\$ -</u>	<u>\$ -</u>
Bond Anticipation Notes	12,171,000	-	-	-	-	-	-	6,470,000	-	-	-
Bonds and Notes Authorized but not Issued	95,000	-	-	-	-	-	-	-	-	-	-
	<u>12,266,000</u>							<u>6,470,000</u>			

**BOROUGH OF LODI
 GENERAL CAPITAL FUND
 SCHEDULE OF INTERFUND PAYABLE
 YEAR ENDED DECEMBER 31, 2017**

Due To	Balance December 31, 2016	Increased by	Decreased by	Balance December 31, 2017
None	\$ -	\$ -	\$ -	\$ -
	-	-	-	-

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2017**

<u>Description</u>	<u>Balance December 31, 2016</u>	<u>Current Fund Appropriation</u>	<u>Used to Finance Authorizations</u>	<u>Cancelled Funded Authorizations</u>	<u>Balance December 31, 2017</u>
Capital Improvement Fund	\$ 20,630	\$ 100,000	\$ (55,000)	\$ -	\$ 65,630

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2017**

Ordinance	Balance December 31, 2016	Current Fund Revenue	Cancelled Funded Authorizations	Accrued Interest on Serial Bond Issuance	Balance December 31, 2016
Various Ordinances	\$ 357,967	\$ -	\$ -	\$ 3,284	\$ 361,251
	<u>\$ 357,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,284</u>	<u>\$ 361,251</u>

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2017**

Improvement Description	Ordinance	Adoption Date	Balance December 31, 2016		Authorized in 2017				Balance December 31, 2017			
			Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Grants/Other	Paid or Charged	Canceled	Funded	Unfunded
#202-21 2001 Shade Tree Program	06/17/02	\$ 90,000	\$ 156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156	\$ -
#404-04 SFY 2004 Roadway Improvement Program	08/26/03	450,000	322	-	-	-	-	-	-	-	322	-
#404-05 Route 46 Redevelopment - Phase I (Supplemental)	08/26/03	150,000	515	-	-	-	-	-	-	-	515	-
#505-19 Downtown Redevelopment - Phase III	04/25/05	600,000	1,726	-	-	-	-	-	-	-	1,726	-
#505-24 Improvement of Memorial Park (Supplemental)	06/24/05	100,000	6,671	-	-	-	-	6,500	-	-	171	-
#808-09 Downtown Redevelopment - Phase III (Supplemental)	10/15/07	100,000	744	-	-	-	-	-	-	-	744	-
#808-24 Acquisition of New Street Sweeper	02/11/08	200,000	6,421	-	-	-	-	-	-	-	6,421	-
#909-11 Improvements to Sanitary Sewer System	03/26/09	500,000	1,058	-	-	-	-	1,000	-	-	58	-
#909-14 SFY 2009 Road, Curb & Sidewalk Program (Community Development)	03/26/09	450,000	11	-	-	-	-	-	-	-	11	-
#909-20 SFY 2009 Road, Curb & Sidewalk Program (State)	03/26/09	250,000	8,223	-	-	-	-	-	-	-	8,223	-
#2010-04 Improvements to Sanitary Sewer System	08/17/09	200,000	4,100	-	-	-	-	3,400	-	-	700	-
#2010-05 2009 Road, Curb & Sidewalk Program (Local)	08/17/09	100,000	13,693	-	-	-	-	1,125	-	-	12,568	-
#2010-06 2009 Road, Curb & Sidewalk Program (State)	08/17/09	200,000	107,032	-	-	-	-	-	-	-	107,032	-
#2010-07 2009 Road, Curb & Sidewalk Program (Community Development)	08/17/09	400,000	1,328	-	-	-	-	346	-	-	982	-
#2010-12 Refunding Bond Ordinance	10/20/09	820,000	-	19,230	-	-	-	-	-	-	-	19,230
#2010-28 Improvements to Sanitary Sewer System	08/16/10	450,000	9,578	-	-	-	-	8,000	-	-	1,578	-
#2010-30 2010 Road, Curb & Sidewalk Program (Community Development)	08/16/10	450,000	1,401	-	-	-	-	650	-	-	751	-
#2010-31 Acquisition of Various Equipment, Machinery & Vehicles	08/16/10	100,000	473	-	-	-	-	257	-	-	216	-
#2011-09 CY2011 Road Improvement Program (NJDOT)	08/16/11	180,000	20,216	-	-	-	-	-	-	-	20,216	-
#2011-10 Acquisition of Vehicles	08/16/11	100,000	993	-	-	-	-	500	-	-	493	-
#2011-11 Acquisition of Equipment	08/16/11	100,000	171	-	-	-	-	-	-	-	171	-
#2011-12 Improvements to Sanitary Sewer System	08/16/11	250,000	674	-	-	-	-	670	-	-	4	-
#2012-06 H.S. Turf Athletic Field	05/15/12	2,000,000	-	266,004	-	-	-	137	-	-	-	265,867
#2012-10 Acquisition of Vehicles	06/20/12	100,000	4,098	-	-	-	-	3,800	-	-	298	-
#2012-11 Acquisition of Machinery & Equipment	06/20/12	100,000	251	-	-	-	-	-	-	-	251	-
#2012-12 Church Street Resurfacing (NJDOT)	06/20/12	385,000	372,109	-	-	-	-	3,975	-	-	368,134	-
#2012-15 Improvement to Various Sanitary Sewer Lines	06/20/12	250,000	100,448	-	-	-	-	58,640	-	-	41,808	-
#2013-05 Acquisition of Equipment	07/16/13	100,000	-	265	-	-	-	-	-	-	265	-
#2013-06 Improvements to Sanitary Sewer System	07/16/13	250,000	-	103,097	-	-	-	12,275	-	-	90,822	-
#2013-07 2012 Road Reconstruction and Curb & Sidewalk Program (Local)	07/16/13	300,000	-	77,689	-	-	-	3,460	-	-	74,229	-
#2013-08 Acquisition of New Fire Pumper	07/16/13	800,000	-	9,860	-	-	-	9,161	-	-	699	-
#2014-02 Various Improvements to Municipal Facilities	07/15/14	250,000	-	25,897	-	-	-	25,260	-	-	637	-
#2014-04 Acquisition of New Equipment & Machinery for Various Departments	07/15/14	100,000	-	22,053	-	-	-	22,030	-	-	23	-
#2014-05 2014 Road Recon. and Curb & Sidewalk Replacement Program (Local)	07/15/14	300,000	-	79,815	-	-	-	23,511	-	-	56,304	-
#2014-06 Resurfacing of Central Avenue - Phase I (NJDOT)	07/15/14	175,000	-	89	-	-	-	75	-	-	14	-
#2014-07 2014 Road Recon. and Curb & Sidewalk Replacement Program (Federal)	07/15/14	300,000	180,787	75,000	-	-	-	3,896	-	-	251,891	-
#2015-06 Acquisition of Equipment - Police Department	07/14/15	200,000	65	-	-	-	-	65	-	-	65	-
#2015-08 Improvements to Municipal Facilities	07/14/15	300,000	-	12,837	-	-	-	12,603	-	-	234	-
#2015-10 Acquisition of New Equipment & Machinery for Various Departments	07/14/15	150,000	-	72,596	-	-	-	64,216	-	-	8,380	-
#2015-11 2015 Road Recon. and Curb & Sidewalk Replacement Program (Local)	07/14/15	300,000	-	94,248	-	-	-	5,635	-	-	88,613	-
#2015-12 Stream Bank Stabilization	07/14/15	200,000	-	185,435	-	-	-	35,919	-	-	149,516	-
#2015-13 Improvements to Voto/Tedesco Field	10/20/15	110,000	-	19,873	-	-	-	3,278	-	-	16,595	-
#2016-11 Improvements to Municipal Facilities	08/09/16	100,000	4,160	95,000	-	-	-	99,139	-	-	21	-
#2016-12 Acquisition of New Automotive Vehicles	08/09/16	100,000	-	82,097	-	-	-	75,448	-	-	6,649	-
#2016-13 Acquisition of Various Equipment & Machinery	08/09/16	150,000	-	137,396	-	-	-	130,302	-	-	7,094	-
#2016-14 2106 Road Reconstruction	08/09/16	300,000	-	283,596	-	-	-	107,338	-	-	176,258	-
#2016-15 Sanitary Sewer Improvements	08/09/16	150,000	9,568	140,000	-	-	-	6,638	-	-	142,930	-
#2016-16 Replacement of Turf Field - Kennedy Park	08/09/16	400,000	19,568	380,000	-	-	-	10,405	-	-	389,163	-
#2016-17 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	08/09/16	1,125,000	59,568	1,065,000	-	-	-	593,789	-	-	530,779	-
#2017-05 Improvements to Municipal Facilities	05/16/17	100,000	-	-	5,000	95,000	-	100,000	-	-	-	-
#2017-06 Acquisition of New Vehicles	05/16/17	100,000	-	-	5,000	95,000	-	4,141	-	-	95,859	-
#2017-07 Acquisition of New Equipment	05/16/17	150,000	-	-	10,000	140,000	-	75,485	-	-	74,515	-
#2017-08 Road Reconstruction & Curb/Sidewalk Replacement Program (LOCAL)	05/16/17	300,000	-	-	15,000	285,000	-	11,247	-	-	288,753	-
#2017-09 Sanitary Sewer System Improvements	05/16/17	150,000	-	-	10,000	140,000	-	1,152	-	-	148,848	-
#2017-10 Acquisition of New Public Safety Equipment	05/16/17	200,000	-	-	10,000	190,000	-	10,569	-	-	189,431	-
			\$ 936,128	\$ 3,247,077	\$ 55,000	\$ 945,000	\$ -	\$ 1,535,972	\$ -	\$ -	\$ 3,362,136	\$ 285,097

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017**

<u>Date of Issue - Purpose</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Balance December 31, 2016</u>	<u>Issued</u>	<u>Paid by Budget Appropriation</u>	<u>Balance December 31, 2017</u>
06/15/05 General Improvement Bonds	Various	\$ 3,550,000	\$ 550,000	\$ -	\$ 550,000	\$ -
04/15/13 General Improvement Bonds	Various	11,350,000	9,550,000	-	650,000	8,900,000
11/01/17 General Improvement Bonds	Various	6,470,000	-	6,470,000	-	6,470,000
			<u>\$ 10,100,000</u>	<u>\$ 6,470,000</u>	<u>\$ 1,200,000</u>	<u>\$ 15,370,000</u>

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2017**

Date of Issue - Purpose	Interest Rate	Amount of Issue	Balance December 31, 2016	Issued	Paid by Budget Appropriation	Balance December 31, 2017
02/28/98 Green Trust Loan (Saddle River Park Acquisition)	2.00%	\$ 234,007	\$ 14,645	\$ -	\$ 14,645	\$ -
09/21/98 Green Trust Loan (Saddle River Park Development)	2.00%	103,000	6,589	-	6,589	-
10/15/07 Green Trust Loan (Kennedy Park Improvements)	2.00%	200,000	122,254	-	10,041	112,213
08/27/09 Green Trust Loan (Memorial Park Improvements)	2.00%	231,929	151,451	-	12,440	139,011
06/05/06 Green Trust Loan (Memorial Park Improvements)	2.00%	257,500	137,913	-	13,320	124,593
			<u>\$ 432,852</u>	<u>\$ -</u>	<u>\$ 57,035</u>	<u>\$ 375,817</u>

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2017**

Improvement Description	Amount of Original Note	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2016	Increased by		Decreased by		Serial Bonds Issued	Balance December 31, 2017
							New Cash	Renewal	Budget Appropriation Paydown	Renewal		
No. 16-1R												
#2013-03 Improvements to Municipal Facilities	\$ 95,000	12/13/13	02/11/16	02/10/17	0.640%	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000	\$ -	\$ -
#2013-04 Acquisition of Vehicles	95,000	12/13/13	02/11/16	02/10/17	0.640%	80,000	-	-	-	80,000	-	-
#2013-05 Acquisition of Equipment	95,000	12/13/13	02/11/16	02/10/17	0.640%	90,000	-	-	-	90,000	-	-
#2013-06 Improvements to Sanitary Sewer System	235,000	12/13/13	02/11/16	02/10/17	0.640%	230,000	-	-	-	230,000	-	-
#2013-07 2012 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	285,000	12/13/13	02/11/16	02/10/17	0.640%	270,000	-	-	-	270,000	-	-
#2013-08 Acquisition of New Fire Pumper	760,000	12/13/13	02/11/16	02/10/17	0.640%	720,000	-	-	-	720,000	-	-
#2012-06 Installation of Athletic Turf at Lodi High School Stadium	1,710,000	12/13/13	02/11/16	02/10/17	0.640%	1,140,000	-	-	90,000	1,050,000	-	-
#2014-02 Improvements to Municipal Facilities	225,000	02/13/15	02/11/16	02/10/17	0.640%	225,000	-	-	-	225,000	-	-
#2014-03 Acquisition of Various Vehicles	95,000	02/13/15	02/11/16	02/10/17	0.640%	95,000	-	-	-	95,000	-	-
#2014-04 Acquisition of Various Equipment & Machinery	95,000	02/13/15	02/11/16	02/10/17	0.640%	95,000	-	-	-	95,000	-	-
#2014-05 2014 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	285,000	02/13/15	02/11/16	02/10/17	0.640%	285,000	-	-	-	285,000	-	-
#2014-06 Resurfacing of Central Avenue (Phase I)	26,000	02/13/15	02/11/16	02/10/17	0.640%	26,000	-	-	-	26,000	-	-
#2014-07 Road Reconstruction and Curb & Sidewalk Replacement Program (Federal)	75,000	02/13/15	02/11/16	02/10/17	0.640%	75,000	-	-	-	75,000	-	-
#2015-08 Improvements to Municipal Facilities	285,000	02/11/16	02/11/16	02/10/17	0.640%	285,000	-	-	-	285,000	-	-
#2015-09 Acquisition of Various Vehicles	95,000	02/11/16	02/11/16	02/10/17	0.640%	95,000	-	-	-	95,000	-	-
#2015-10 Acquisition of New Equipment & Machinery for Various Depts.	140,000	02/11/16	02/11/16	02/10/17	0.640%	140,000	-	-	-	140,000	-	-
#2015-11 2015 Road Recon. and Curb & Sidewalk Repl. Program (Local)	285,000	02/11/16	02/11/16	02/10/17	0.640%	285,000	-	-	-	285,000	-	-
#2015-12 Stream Bank Stabilization	190,000	02/11/16	02/11/16	02/10/17	0.640%	190,000	-	-	-	190,000	-	-
#2015-13 Improvements to Voto/Tedesco Field	50,000	02/11/16	02/11/16	02/10/17	0.640%	50,000	-	-	-	50,000	-	-
						\$ 4,466,000	\$ -	\$ -	\$ 90,000	\$ 4,376,000	\$ -	\$ -
No. 16-1												
#2016-11 Improvements to Municipal Facilities	\$ 95,000	10/14/16	10/14/16	02/10/17	0.550%	\$ 95,000	\$ -	\$ -	\$ -	\$ 95,000	\$ -	\$ -
#2016-13 Acquisition of Various Equipment & Machinery	140,000	10/14/16	10/14/16	02/10/17	0.550%	140,000	-	-	-	140,000	-	-
#2016-14 2106 Road Reconstruction	285,000	10/14/16	10/14/16	02/10/17	0.550%	285,000	-	-	-	285,000	-	-
#2016-15 Sanitary Sewer Improvements	140,000	10/14/16	10/14/16	02/10/17	0.550%	140,000	-	-	-	140,000	-	-
#2016-16 Replacement of Turf Field - Kennedy Park	380,000	10/14/16	10/14/16	02/10/17	0.550%	380,000	-	-	-	380,000	-	-
#2016-17 Road Reconstruction and Curb & Sidewalk Repl. Prog.(Local)	1,065,000	10/14/16	10/14/16	02/10/17	0.550%	1,065,000	-	-	-	1,065,000	-	-
						\$ 2,105,000	\$ -	\$ -	\$ -	\$ 2,105,000	\$ -	\$ -
No. 16-2R												
#909-12 Downtown Redevelopment - Phase V	\$ 6,000,000	05/29/09	05/20/16	05/19/17	0.700%	\$ 5,600,000	\$ -	\$ -	\$ 80,000	\$ 5,520,000	\$ -	\$ -
No. 17-2R												
#909-12 Downtown Redevelopment - Phase V	\$ 6,000,000	05/29/09	05/19/17	05/18/18	1.875%	\$ -	\$ -	\$ 5,520,000	\$ -	\$ -	\$ -	\$ 5,520,000

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2017**

Improvement Description	Amount of Original Note	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2016	Increased by		Decreased by		Serial Bonds Issued	Balance December 31, 2017
							New Cash	Renewal	Budget Appropriation Paydown	Renewal		
#2013-03 Improvements to Municipal Facilities	\$ 95,000	12/13/13	02/10/17	11/10/17	1.100%	-	-	\$ 90,000	-	\$ -	\$ 90,000	-
#2013-04 Acquisition of Vehicles	95,000	12/13/13	02/10/17	11/10/17	1.100%	-	-	80,000	-	-	80,000	-
#2013-05 Acquisition of Equipment	95,000	12/13/13	02/10/17	11/10/17	1.100%	-	-	90,000	-	-	90,000	-
#2013-06 Improvements to Sanitary Sewer System	235,000	12/13/13	02/10/17	11/10/17	1.100%	-	-	230,000	-	-	230,000	-
#2013-07 2012 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	285,000	12/13/13	02/10/17	11/10/17	1.100%	-	-	270,000	-	-	270,000	-
#2013-08 Acquisition of New Fire Pumper	760,000	12/13/13	02/10/17	11/10/17	1.100%	-	-	720,000	-	-	720,000	-
#2012-06 Installation of Athletic Turf at Lodi High School Stadium	1,710,000	12/13/13	02/10/17	11/10/17	1.100%	-	-	1,050,000	100,000	950,000	-	-
#2014-02 Improvements to Municipal Facilities	225,000	02/13/15	02/10/17	11/10/17	1.100%	-	-	225,000	-	-	225,000	-
#2014-03 Acquisition of Various Vehicles	95,000	02/13/15	02/10/17	11/10/17	1.100%	-	-	95,000	-	-	95,000	-
#2014-04 Acquisition of Various Equipment & Machinery	95,000	02/13/15	02/10/17	11/10/17	1.100%	-	-	95,000	-	-	95,000	-
#2014-05 2014 Road Reconstruction and Curb & Sidewalk Replacement Program (Local)	285,000	02/13/15	02/10/17	11/10/17	1.100%	-	-	285,000	-	-	285,000	-
#2014-06 Resurfacing of Central Avenue (Phase I)	26,000	02/13/15	02/10/17	11/10/17	1.100%	-	-	26,000	1,000	-	25,000	-
#2014-07 Road Reconstruction and Curb & Sidewalk Replacement Program (Federal)	75,000	02/13/15	02/10/17	11/10/17	1.100%	-	-	75,000	-	-	75,000	-
#2015-08 Improvements to Municipal Facilities	285,000	02/11/16	02/10/17	11/10/17	1.100%	-	-	285,000	-	-	285,000	-
#2015-09 Acquisition of Various Vehicles	95,000	02/11/16	02/10/17	11/10/17	1.100%	-	-	95,000	-	-	95,000	-
#2015-10 Acquisition of New Equipment & Machinery for Various Depts.	140,000	02/11/16	02/10/17	11/10/17	1.100%	-	-	140,000	-	-	140,000	-
#2015-11 2015 Road Recon. and Curb & Sidewalk Repl. Program (Local)	285,000	02/11/16	02/10/17	11/10/17	1.100%	-	-	285,000	-	-	285,000	-
#2015-12 Stream Bank Stabilization	190,000	02/11/16	02/10/17	11/10/17	1.100%	-	-	190,000	-	-	190,000	-
#2015-13 Improvements to Voto/Tedesco Field	50,000	02/11/16	02/10/17	11/10/17	1.100%	-	-	50,000	-	-	50,000	-
#2016-11 Improvements to Municipal Facilities	95,000	10/14/16	02/10/17	11/10/17	1.100%	-	-	95,000	-	-	95,000	-
#2016-12 Acquisition of New Automotive Vehicles	95,000	02/10/17	02/10/17	11/10/17	1.100%	-	95,000	-	-	-	95,000	-
#2016-13 Acquisition of Various Equipment & Machinery	140,000	10/14/16	02/10/17	11/10/17	1.100%	-	-	140,000	-	-	140,000	-
#2016-14 2106 Road Reconstruction	285,000	10/14/16	02/10/17	11/10/17	1.100%	-	-	285,000	-	-	285,000	-
#2016-15 Sanitary Sewer Improvements	140,000	10/14/16	02/10/17	11/10/17	1.100%	-	-	140,000	-	-	140,000	-
#2016-16 Replacement of Turf Field - Kennedy Park	380,000	10/14/16	02/10/17	11/10/17	1.100%	-	-	380,000	-	-	380,000	-
#2016-17 Road Reconstruction and Curb & Sidewalk Repl. Prog.(Local)	1,065,000	10/14/16	02/10/17	11/10/17	1.100%	-	-	1,065,000	-	-	1,065,000	-
						\$ -	\$ 95,000	\$ 6,481,000	\$ 101,000	\$ 950,000	\$ 5,525,000	\$ -
No. 17-2R												
#2012-06 Installation of Athletic Turf at Lodi High School Stadium	1,710,000	12/13/13	10/20/17	02/15/18	1.000%	-	-	950,000	-	-	-	950,000
						\$ 12,171,000	\$ 95,000	\$ 12,951,000	\$ 271,000	\$ 12,951,000	\$ 5,525,000	\$ 6,470,000

Budget Appropriation \$ 170,000
Receipts Applied 100,000
Receipts Applied 1,000
\$ 271,000
-

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2017**

Description	Balance December 31, 2016	Increased by		Decreased by Fund Balance Anticipated	Balance December 31, 2017
		Bond/BAN Premiums	Cancelled Funded Authorizations		
Fund Balance	\$ 163,327	\$ 64,700	\$ -	\$ -	\$ 228,027

**BOROUGH OF LODI
 GENERAL CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 YEAR ENDED DECEMBER 31, 2017**

Improvement Description	Balance December 31, 2016	Authorized	BANs Issued	Bonds Issued	Cancelled & Adjusted	Balance December 31, 2017
#2016-12 Acquisition of New Automotive Vehicles	\$ 95,000	\$ -	\$ 95,000	\$ -	\$ -	\$ -
#2017-05 Improvements to Municipal Facilities	-	95,000	-	95,000	-	-
#2017-06 Acquisition of New Vehicles	-	95,000	-	95,000	-	-
#2017-07 Acquisition of New Equipment	-	140,000	-	140,000	-	-
#2017-08 2017 Road Reconstruction and Curb & Sidewalk Replacement Program (LOCAL)	-	285,000	-	285,000	-	-
#2017-09 Sanitary Sewer System Improvements	-	140,000	-	140,000	-	-
#2017-10 Acquisition of New Equipment	-	190,000	-	190,000	-	-
	<u>\$ 95,000</u>	<u>\$ 945,000</u>	<u>\$ 95,000</u>	<u>\$ 945,000</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF LODI
GENERAL FIXED ASSET ACCOUNT GROUP
BALANCE SHEET (REGULATORY BASIS)**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Land	\$ 19,795,300	\$ 19,795,300
Land Improvements	-	-
Buildings & Improvements	10,263,700	10,263,700
Machinery and Equipment	2,294,745	2,294,745
Vehicles	3,908,000	3,908,000
Underground Equipment	-	-
	<u>\$ 36,261,745</u>	<u>\$ 36,261,745</u>
<u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 36,261,745</u>	<u>\$ 36,261,745</u>

**BOROUGH OF LODI
 GENERAL FIXED ASSET ACCOUNT GROUP
 STATEMENT OF CHANGES IN RESERVE FOR GENERAL FIXED ASSETS**

	Balance December 31, 2016	Additions	Retirements	Adjustments	Balance December 31, 2017
Land	\$ 19,795,300	\$ -	\$ -	\$ -	\$ 19,795,300
Buildings	10,263,700	-	-	-	10,263,700
Machinery and Equipment	2,294,745	-	-	-	2,294,745
Vehicles	3,908,000	-	-	-	3,908,000
	<u>\$ 36,261,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,261,745</u>
	-	-	-	-	-

BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

Annual Financial Information and Operating Data Section

**BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
ADOPTED BUDGETS
(UNAUDITED)**

J-1

	2017	2016	2015	2014	2013	2012	2011	2010	TY 2009
<u>CURRENT FUND</u>									
<u>REVENUES</u>									
Fund Balance	\$ 1,372,500	\$ 1,000,000	\$ 678,919	\$ 476,000	\$ 360,000	\$ 1,036,000	\$ 1,600,000	\$ 1,600,000	\$ 56,119
Miscellaneous Revenues	6,001,101	6,136,148	6,316,100	6,267,815	7,067,852	5,883,843	6,069,107	5,995,297	3,967,262
Receipts From Delinquent Taxes	-	-	8,563	40,000	40,000	-	-	310,000	-
Amount to be Raised by Taxation - Local	18,009,557	17,659,069	17,338,878	17,338,879	17,115,443	16,976,119	16,826,241	17,251,268	8,187,475
Amount to be Raised by Taxation - Library	687,470	707,228	686,546	657,205	696,932	685,508	732,780	-	-
Total Revenues	\$ 26,070,628	\$ 25,502,445	\$ 25,029,006	\$ 24,779,899	\$ 25,280,227	\$ 24,581,470	\$25,228,128	\$25,156,565	\$12,210,856
<u>APPROPRIATIONS</u>									
Within "CAPS":									
Operations:									
Salaries and Wages	\$ 9,718,500	\$ 9,451,500	\$ 9,469,000	\$ 9,474,000	\$ 9,218,500	\$ 9,272,500	\$ 9,888,500	\$ 9,546,200	\$ 4,708,071
Other Expenses	9,226,300	8,766,000	8,036,498	7,874,800	8,010,415	7,646,349	7,617,298	7,474,860	5,238,852
Deferred Charges and Statutory Expenditures	2,108,907	2,134,975	2,022,519	1,936,934	2,037,785	1,986,989	2,124,573	1,753,561	382,500
Excluded From "CAPS":									
Operations:									
Salaries and Wages	-	-	-	-	-	-	-	-	-
Other Expenses	2,338,919	2,405,217	2,411,755	2,399,644	2,358,662	2,486,086	3,189,530	3,500,267	1,456,661
Capital Improvements	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Municipal Debt Service	1,924,002	1,924,753	1,899,234	2,268,521	2,438,865	2,278,546	2,208,227	2,181,677	174,421
Deferred Charges	304,000	370,000	740,000	476,000	866,000	686,000	-	-	-
Judgments	-	-	-	-	-	-	-	-	12,500
Reserve for Uncollected Taxes	350,000	350,000	350,000	250,000	250,000	125,000	100,000	600,000	137,851
Total Appropriations	\$ 26,070,628	\$ 25,502,445	\$ 25,029,006	\$ 24,779,899	\$ 25,280,227	\$ 24,581,470	\$25,228,128	\$25,156,565	\$12,210,856

Note: Data for year SFY 2009 not available.

**BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
TEN LARGEST TAXPAYERS BY ASSESSMENT
(UNAUDITED)**

Taxpayer (Block/Lot)	2017 Assessed Valuation	As a Percent of Total 2017 Net Valuations \$ 1,932,449,000
1. Cedar Wright Gardens c/o Jos. Ratner (7 Properties)	\$ 27,697,100	1.43%
2. Lodi UE, LLC (2 Properties)	20,553,200	1.06%
3. Parker Properties c/o The Home Depot (3 Properties)	16,266,600	0.84%
4. Rothman, Leonard & Mildred (2 Properties)	13,154,700	0.68%
5. UE Lodi Delaware LLC (3 Properties)	12,415,400	0.64%
6. Lodi Market, LLC (BL 81.01 L1.01)	11,345,700	0.59%
7. Lodi Value Add II, LLC (BL85 L1.01)	10,000,000	0.52%
8. Cedar Wright Gardens c/o J. Ratner (BL233.01 L61)	8,955,700	0.46%
9. The David F. Bolger Revocable Trust (BL205.03 L2.01)	8,000,000	0.41%
10. Vista Garden Associates, LLC (2 Properties)	7,790,900	0.40%
Lodi UE, LLC (192.02/2)	<u>\$ 136,179,300</u>	

**BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
TAX LEVY AND COLLECTION DATA
(UNAUDITED)**

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	2017	2016	2015	2014	2013	2012	2011	2010	TY 2009	SFY 2009
Total Tax Levy	\$ 62,570,188	\$ 62,523,795	\$ 61,923,519	\$ 61,398,660	\$ 61,420,778	\$ 60,242,368	\$ 59,702,675	\$ 57,473,612	\$ 27,708,519	\$ 55,266,054
Current Tax Collections	\$ 62,439,799	\$ 62,403,960	\$ 61,864,593	\$ 61,297,747	\$ 61,200,462	\$ 60,010,062	\$ 59,580,463	\$ 57,394,145	\$ 26,967,075	\$ 55,120,268
Percent of Tax Levy Collected	99.79%	99.81%	99.90%	99.84%	99.64%	99.61%	99.80%	99.86%	97.32%	99.74%

**BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND
OPERATING DATA
ASSESSED AND COUNTY EQUALIZED
VALUATION DATA
(UNAUDITED)**

Description	2017		2016		2015		2014		2013	
	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value
Net Valuations Taxable:										
Vacant Land	68	\$ 8,597,300	75	\$ 9,530,600	73	\$ 9,404,800	70	\$ 8,838,400	69	\$ 8,821,800
Residential	4445	1,408,818,000	4437	1,407,022,800	4441	1,409,360,700	4443	1,411,681,200	4442	1,413,420,900
Farm (Regular)	0	-	0	-	0	-	0	-	0	-
Farm (Qualified)	0	-	0	-	0	-	0	-	0	-
Commercial	299	261,791,600	299	262,692,300	301	261,520,200	301	259,022,100	302	259,623,100
Industrial	112	117,811,600	112	117,811,600	112	118,290,200	112	118,490,200	112	122,451,100
Apartments	93	135,336,800	93	135,336,800	93	135,466,300	93	135,466,300	93	135,466,300
Sub-Total	5017	1,932,355,300	5016	1,932,394,100	5020	1,934,042,200	5019	1,933,498,200	5018	1,939,783,200
Personal Property		93,700		91,160		93,880		98,390		93,220
Net Valuations Taxable		1,932,449,000		1,932,485,260		1,934,136,080		1,933,596,590		1,939,876,420
County Equalization Adjustment		142,210,370		199,464,893		137,638,073		43,888,248		153,411,391
County Equalized Valuation		<u>\$ 2,074,659,370</u>		<u>\$ 2,131,950,153</u>		<u>\$ 2,071,774,153</u>		<u>\$ 1,977,484,838</u>		<u>\$ 2,093,287,811</u>
County Equalization Ratio		<u>93.70%</u>		<u>91.16%</u>		<u>93.88%</u>		<u>98.39%</u>		<u>93.22%</u>
Average Residential Assessment		<u>\$ 316,944</u>		<u>\$ 317,111</u>		<u>\$ 317,352</u>		<u>\$ 317,732</u>		<u>\$ 318,195</u>
Total County Equalized Valuations		<u>\$ 172,030,836,227</u>		<u>\$ 167,963,794,248</u>		<u>\$ 164,459,857,393</u>		<u>\$ 162,301,130,131</u>		<u>\$ 165,008,934,260</u>
Municipal Percentage of County Equalized Valuations		<u>1.21%</u>		<u>1.27%</u>		<u>1.26%</u>		<u>1.22%</u>		<u>1.27%</u>
Residential Load		79.91%		79.82%		79.88%		80.02%		79.85%
Non-Residential Load		20.09%		20.18%		20.12%		19.98%		20.15%
		<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>

**Revaluation Year

**BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND
OPERATING DATA
ASSESSED AND COUNTY EQUALIZED
VALUATION DATA
(UNAUDITED)**

Description	2012		2011		2010		2009		2008	
	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value
Net Valuations Taxable:										
Vacant Land	72	\$ 9,104,300	72	\$ 9,104,300	73	\$ 9,257,200	78	\$ 6,849,400	79	\$ 7,274,700
Residential	4443	1,414,368,100	4442	1,415,542,300	4443	1,418,646,900	4436	1,416,454,300	4440	1,416,914,100
Farm (Regular)	0	-	0	-	0	-	0	-	0	-
Farm (Qualified)	0	-	0	-	0	-	0	-	0	-
Commercial	303	263,305,600	303	263,238,000	302	262,212,400	305	263,971,900	309	267,186,800
Industrial	112	122,614,100	112	124,065,300	112	124,511,800	114	131,949,300	114	131,949,300
Apartments	93	136,472,400	93	136,957,600	92	136,831,600	92	136,929,100	92	137,836,600
Sub-Total	5023	1,945,864,500	5022	1,948,907,500	5022	1,951,459,900	5025	1,956,154,000	5034	1,961,161,500
Personal Property		3,409,544		3,314,156		3,965,260		2,068,996		2,042,681
Net Valuations Taxable		1,949,274,044		1,952,221,656		1,955,425,160		1,958,222,996		1,963,204,181
County Equalization Adjustment		117,462,484		257,570,655		429,437,233		543,017,102		482,436,119
County Equalized Valuation		<u>\$ 2,066,736,528</u>		<u>\$ 2,209,792,311</u>		<u>\$ 2,384,862,393</u>		<u>\$ 2,501,240,098</u>		<u>\$ 2,445,640,300</u>
County Equalization Ratio		<u>94.92%</u>		<u>88.93%</u>		<u>82.53%</u>		<u>78.78%</u>		<u>80.78%</u>
Average Residential Assessment		<u>\$ 318,336</u>		<u>\$ 318,672</u>		<u>\$ 319,299</u>		<u>\$ 319,309</u>		<u>\$ 319,125</u>
Total County Equalized Valuations		<u>\$ 168,748,014,772</u>		<u>\$ 173,258,537,441</u>		<u>\$ 183,412,099,706</u>		<u>\$ 187,580,071,463</u>		<u>\$ 182,767,512,263</u>
Municipal Percentage of County Equalized Valuations		<u>1.22%</u>		<u>1.28%</u>		<u>1.30%</u>		<u>1.33%</u>		<u>1.34%</u>
Residential Load		79.70%		79.66%		79.71%		79.41%		79.28%
Non-Residential Load		20.30%		20.34%		20.29%		20.59%		20.72%
		<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>

**Revaluation Year

BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
TAX RATE DATA
(UNAUDITED)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Valuations Taxable	\$ 1,932,449,000	\$ 1,932,485,260	\$ 1,934,136,080	\$ 1,933,596,590	\$ 1,939,876,420	\$ 1,949,274,044	\$ 1,952,221,656	\$ 1,955,425,160	\$ 1,958,222,996	\$ 1,963,204,181
TAX REQUIREMENTS										
County	\$ 4,985,526	\$ 5,183,507	\$ 4,905,707	\$ 4,512,632	\$ 4,727,536	\$ 4,482,775	\$ 4,526,722	\$ 4,538,528	\$ 4,534,510	\$ 4,264,738
County Open Space	207,466	53,299	51,795	49,437	52,332	51,668	55,245	59,622	250,124	244,564
Local School	38,746,566	39,034,770	38,953,742	39,170,900	39,087,949	38,281,300	37,687,755	35,615,525	33,109,897	32,600,375
Municipal - Local	18,009,557	17,659,069	17,338,878	17,338,878	17,115,443	16,976,119	16,826,241	17,251,268	17,291,197	17,615,984
Municipal - Library	687,470	707,228	686,546	657,205	696,932	685,508	732,780	-	-	-
Total	\$ 62,636,585	\$ 62,637,873	\$ 61,936,668	\$ 61,729,052	\$ 61,680,192	\$ 60,477,370	\$ 59,828,743	\$ 57,464,943	\$ 55,185,728	\$ 54,725,661
TAX RATES										
County	0.258	0.269	0.254	0.234	0.244	0.230	0.232	0.233	0.232	0.218
County Open Space	0.011	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.013	0.013
Local School	2.005	2.020	2.014	2.026	2.015	1.964	1.931	1.821	1.691	1.661
Municipal - Local	0.932	0.913	0.897	0.897	0.883	0.871	0.861	0.882	0.883	0.898
Municipal - Library	0.036	0.037	0.035	0.033	0.035	0.035	0.038	-	-	-
Total	3.242	3.242	3.203	3.193	3.180	3.103	3.065	2.939	2.819	2.790

**Revaluation Year

BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
RATIO OF ANNUAL DEBT SERVICE APPROPRIATIONS TO TOTAL CURRENT FUND BUDGET APPROPRIATIONS
(UNAUDITED)

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	2017	2016	2015	2014	2013	2012	2011	2010	TY 2009	SFY 2009
Serial Bonds:										
Principal	\$ 1,200,000	\$ 1,150,000	\$ 1,125,000	\$ 1,075,000	\$ 475,000	\$ 981,000	\$ 940,000	\$ 1,145,000	\$ -	\$ 1,725,000
Interest	236,094	270,344	303,594	332,968	223,828	121,462	159,750	202,881	113,687	286,367
Notes:										
Principal	170,000	355,000	335,000	490,000	1,338,763	754,000	788,800	283,500	-	265,000
Interest	252,500	84,000	70,232	271,000	283,344	303,281	200,000	429,746	-	219,525
Loans:										
Principal	57,035	55,912	54,809	87,369	103,500	102,185	100,904	99,656	43,993	78,328
Interest	8,373	9,497	10,599	12,184	14,430	16,618	18,772	20,894	16,741	18,739
Sub-Total Debt Service	\$ 1,924,002	\$ 1,924,753	\$ 1,899,234	\$ 2,268,521	\$ 2,438,865	\$ 2,278,546	\$ 2,208,226	\$ 2,181,677	\$ 174,421	\$ 2,592,959
Less Revenue Off-Sets	(214,500)	(324,000)	(409,100)	(344,100)	(1,020,156)	(181,717)	(100,000)	-	-	-
Net Debt Service	\$ 1,709,502	\$ 1,600,753	\$ 1,490,134	\$ 1,924,421	\$ 1,418,709	\$ 2,096,829	\$ 2,108,226	\$ 2,181,677	\$ 174,421	\$ 2,592,959
Total Current Fund Budget Appropriations	\$ 26,070,628	\$ 25,502,445	\$ 25,029,006	\$ 24,779,899	\$ 25,280,227	\$ 24,581,470	\$ 25,228,128	\$ 25,156,565	\$ 12,210,856	\$ 25,287,478
Ratio of Debt Service to Current Fund Budget Appropriations	<u>6.56%</u>	<u>6.28%</u>	<u>5.95%</u>	<u>7.77%</u>	<u>5.61%</u>	<u>8.53%</u>	<u>8.36%</u>	<u>8.67%</u>	<u>1.43%</u>	<u>10.25%</u>

**BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
DIRECT AND OVERLAPPING DEBT
(UNAUDITED)**

DIRECT DEBT

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	June 30, 2009
Municipal Debt (Net)	\$ 22,215,817	\$ 22,440,885	\$ 21,801,797	\$ 22,410,673	\$ 23,195,942	\$ 22,840,048	\$ 21,574,233	\$ 22,457,127	\$ 22,762,428	\$ 22,784,241
Local School Debt	-	-	-	120,000	340,000	545,000	740,000	1,105,000	1,455,000	1,455,000
	<u>\$ 22,215,817</u>	<u>\$ 22,440,885</u>	<u>\$ 21,801,797</u>	<u>\$ 22,530,673</u>	<u>\$ 23,535,942</u>	<u>\$ 23,385,048</u>	<u>\$ 22,314,233</u>	<u>\$ 23,562,127</u>	<u>\$ 24,217,428</u>	<u>\$ 24,239,241</u>

OVERLAPPING DEBT

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
(1) County Debt:										
Municipal Equalized Valuations	\$ 2,074,659,370	\$ 2,131,950,153	\$ 2,071,774,153	\$ 1,977,484,838	\$ 2,093,287,811	\$ 2,066,736,528	\$ 2,209,792,311	\$ 2,384,862,393	\$ 2,501,240,098	\$ 2,445,640,300
Total County Equalized Valuations	\$ 172,030,836,227	\$ 167,963,794,248	\$ 164,459,857,393	\$ 162,301,130,131	\$ 165,008,934,260	\$ 168,748,014,772	\$ 173,258,537,441	\$ 183,412,099,706	\$ 187,580,071,463	\$ 182,767,512,263
	1.21%	1.27%	1.26%	1.22%	1.27%	1.22%	1.28%	1.30%	1.33%	1.34%
Outstanding County Debt	1,664,036,384	1,676,225,344	1,578,532,537	1,471,796,641	1,343,787,738	1,276,830,919	1,209,730,830	1,248,273,490	1,138,505,430	1,102,573,565
	<u>\$ 20,134,840</u>	<u>\$ 21,288,062</u>	<u>\$ 19,889,510</u>	<u>\$ 17,955,919</u>	<u>\$ 17,066,104</u>	<u>\$ 15,577,337</u>	<u>\$ 15,484,555</u>	<u>\$ 16,227,555</u>	<u>\$ 15,142,122</u>	<u>\$ 14,774,486</u>

(2) Passaic Valley Sewerage Authority Debt

Municipal Sewer Flow Charges	\$ 1,533,791	\$ 1,543,575	\$ 1,570,714	\$ 1,555,391	\$ 1,571,830	\$ 1,548,055	\$ 1,524,254	\$ 1,552,420	\$ 1,525,632	\$ 1,465,106
Total Flow Charges	\$ 134,076,092	\$ 130,115,638	\$ 127,571,358	\$ 127,571,359	\$ 127,569,056	\$ 123,957,348	\$ 129,883,667	\$ 129,963,014	\$ 127,525,062	\$ 125,403,855
	1.14%	1.19%	1.23%	1.22%	1.23%	1.25%	1.17%	1.19%	1.20%	1.17%
X's Outstanding Debt	254,680,573	279,299,508	266,194,637	289,855,869	296,652,116	316,515,886	339,880,368	355,234,494	305,533,465	293,890,682
	<u>\$ 2,903,359</u>	<u>\$ 3,323,664</u>	<u>\$ 3,274,194</u>	<u>\$ 3,536,242</u>	<u>\$ 3,648,821</u>	<u>\$ 3,956,449</u>	<u>\$ 3,976,600</u>	<u>\$ 4,227,290</u>	<u>\$ 3,666,402</u>	<u>\$ 3,438,521</u>

DEBT LIMIT - MUNICIPAL DEBT

Equalized Valuation Basis	\$ 2,154,479,472	\$ 2,081,151,096	\$ 2,050,885,920	\$ 2,039,485,480	\$ 2,037,374,952	\$ 2,111,659,198	\$ 2,205,940,647	\$ 2,351,342,268	\$ 2,423,856,737	\$ 2,402,224,264
Permitted Debt Limitation (3 1/2%)	75,406,782	72,840,288	71,781,007	71,381,992	71,308,123	73,908,072	77,207,923	82,296,979	84,834,986	84,077,849
Net Debt	22,215,817	22,440,885	21,801,797	22,410,673	23,195,942	22,840,048	21,574,233	22,457,127	22,762,428	22,784,241
Remaining Borrowing Power	<u>\$ 53,190,965</u>	<u>\$ 50,399,403</u>	<u>\$ 49,979,210</u>	<u>\$ 48,971,319</u>	<u>\$ 48,112,181</u>	<u>\$ 51,068,024</u>	<u>\$ 55,633,690</u>	<u>\$ 59,839,852</u>	<u>\$ 62,072,558</u>	<u>\$ 61,293,608</u>

DEBT LIMIT - SCHOOL DEBT

Equalized Valuation Basis	\$ 2,154,479,472	\$ 2,081,151,096	\$ 2,050,885,920	\$ 2,039,485,480	\$ 2,037,374,952	\$ 2,111,659,198	\$ 2,205,940,647	\$ 2,351,342,268	\$ 2,423,856,737	\$ 2,402,224,264
Permitted Debt Limitation (4%)	86,179,179	83,246,044	82,035,437	81,579,419	81,494,998	84,466,368	88,237,626	94,053,691	96,954,269	96,088,971
Net Debt	-	-	-	120,000	340,000	545,000	740,000	1,105,000	1,455,000	1,455,000
Remaining Borrowing Power	<u>\$ 86,179,179</u>	<u>\$ 83,246,044</u>	<u>\$ 82,035,437</u>	<u>\$ 81,459,419</u>	<u>\$ 81,154,998</u>	<u>\$ 83,921,368</u>	<u>\$ 87,497,626</u>	<u>\$ 92,948,691</u>	<u>\$ 95,499,269</u>	<u>\$ 94,633,971</u>

BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
RATIO OF GROSS AND NET DEBT TO COUNTY EQUALIZED VALUE AND DEBT PER CAPITA
(UNAUDITED)

	2017	2016	2015	2014	2013	2012	2011	2010	TY 2009	SFY 2009
Population	24,778	24,778	24,770	24,671	24,589	24,459	24,345	24,183	23,766	23,766
County Equalized Valuation	\$ 2,074,659,370	\$ 2,131,950,153	\$ 2,071,774,153	\$ 1,977,484,838	\$ 2,093,287,811	\$ 2,066,736,528	\$ 2,209,792,311	\$ 2,384,862,393	\$ 2,501,240,098	\$ 2,445,640,300
Gross Debt	\$ 22,215,817	\$ 22,798,852	\$ 22,159,764	\$ 22,749,574	\$ 23,755,942	\$ 24,503,204	\$ 23,622,389	\$ 24,947,093	\$ 26,145,249	\$ 24,849,241
Gross Debt Per Capita	\$ 897	\$ 920	\$ 895	\$ 922	\$ 966	\$ 1,002	\$ 970	\$ 1,032	\$ 1,100	\$ 1,046
Ratio of Gross Debt to County Equalized Valuations	1.07%	1.07%	1.07%	1.15%	1.13%	1.19%	1.07%	1.05%	1.05%	1.02%
Net Debt	\$ 22,215,817	\$ 22,440,885	\$ 21,801,797	\$ 22,410,673	\$ 23,195,942	\$ 22,840,048	\$ 21,574,233	\$ 22,457,127	\$ 22,762,428	\$ 22,784,241
Ratio of Net Debt to County Equalized Valuations	1.07%	1.05%	1.05%	1.13%	1.11%	1.11%	0.98%	0.94%	0.91%	0.93%
Net Debt per Capita	\$ 897	\$ 906	\$ 880	\$ 908	\$ 943	\$ 934	\$ 886	\$ 929	\$ 958	\$ 959

BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
COMPARATIVE SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS
(UNAUDITED)

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	2017	2016	2015	2014	2013	2012	2011	2010	TY 2009	SFY 2009
Total Tax Levy	\$ 62,570,188	\$ 62,523,795	\$ 61,923,519	\$ 61,398,660	\$ 61,420,778	\$ 60,242,368	\$ 59,702,675	\$ 57,473,612	\$ 27,708,519	\$ 55,266,054
Current Tax Collections	\$ 62,439,799	\$ 62,403,960	\$ 61,864,593	\$ 61,297,747	\$ 61,200,462	\$ 60,010,062	\$ 59,580,463	\$ 57,394,145	\$ 26,967,075	\$ 55,120,268
% of Tax Levy Collected	<u>99.79%</u>	<u>99.81%</u>	<u>99.90%</u>	<u>99.84%</u>	<u>99.64%</u>	<u>99.61%</u>	<u>99.80%</u>	<u>99.86%</u>	<u>97.32%</u>	<u>99.74%</u>
Tax Title Liens	\$ 509,540	\$ 704,056	\$ 454,854	\$ 339,525	\$ 584,544	\$ 400,563	\$ 194,485	\$ 100,572	\$ 292,868	\$ 284,219
Delinquent Taxes	168,665	120,337	100,877	253,574	83,479	91,165	30,373	16,723	685,244	2,183
Total Delinquent	\$ 678,205	\$ 824,393	\$ 555,731	\$ 593,099	\$ 668,023	\$ 491,728	\$ 224,858	\$ 117,295	\$ 978,112	\$ 286,402
Tax Levy	\$ 62,570,188	\$ 62,523,795	\$ 61,923,519	\$ 61,398,660	\$ 61,420,778	\$ 60,242,368	\$ 59,702,675	\$ 57,473,612	\$ 27,708,519	\$ 55,266,054
% of Delinquencies to Tax Levy	<u>1.08%</u>	<u>1.32%</u>	<u>0.90%</u>	<u>0.97%</u>	<u>1.09%</u>	<u>0.82%</u>	<u>0.38%</u>	<u>0.20%</u>	<u>3.53%</u>	<u>0.52%</u>
Foreclosed Property: Assessed Valuation	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247

BOROUGH OF LODI
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
COMPARATIVE SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION
(UNAUDITED)

	2017	2016	2015	2014	2013	2012	2011	2010	TY 2009	SFY 2009
Foreclosed Property:										
Assessed Valuation	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247	\$ 18,247

**BOROUGH OF LODI
 ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
 COMPARISON OF CURRENT FUND BALANCES APPROPRIATED
 (UNAUDITED)**

	December 31,								June 30,	
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2009
Current Fund Balance Year End	\$8,552,408	\$8,431,503	\$7,966,739	\$5,807,828	\$5,646,428	\$4,611,268	\$3,678,956	\$3,497,161	\$1,966,726	\$1,354,518
Utilized in Budget of Succeeding Year	\$2,143,446	\$1,372,500	\$1,000,000	\$ 678,919	\$ 476,000	\$ 360,000	\$1,036,000	\$1,600,000	\$1,600,000	\$ 56,119
Percentage Utilized	25.06%	16.28%	12.55%	11.69%	8.43%	7.81%	28.16%	45.75%	81.35%	4.14%

BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

Single Audit Section

Di Maria & Di Maria LLP
Accountants and Consultants

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890
Facsimile 973.779.6891

Independent Auditors' Report

Honorable Mayor and Members of the Borough Council
Borough of Lodi, County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements (*regulatory basis*) of the various funds and account group of the Borough of Lodi, in the County of Bergen (the "Borough") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 30, 2018, which was adverse due to the financial statements being prepared in conformity with the New Jersey regulatory basis of accounting as prescribed by the Division which is a basis of accounting other than accounting principles generally accepted in the United States. In addition, our report on the financial statements (*regulatory basis*) was qualified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements and for not meeting the disclosure requirements of GASB Statement No. 68.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, other material weaknesses may exist that have not been identified.

Di Maria & Di Maria LLP

Independent Auditors' Report (Continued)

Compliance and Other Matters

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

We also noted certain matters that are not required to be reported under *Government Auditing Standards* that we reported to management of the Borough of Lodi in the section of this report of audit entitled; "General Comments and Recommendations Section".

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria

Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463

June 30, 2018

BOROUGH OF LODI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

K-3

Catalog of Federal Domestic Assistance Program Title	Federal C.F.D.A. Number	Award Amount	Grant Period From	To	Balance December 31, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) December 31, 2017	Deferred Revenue December 31, 2017	Due to Grantor at December 31, 2017
<u>Grant Fund</u>													
	None												
<u>General Capital Fund</u>													
Community Development - Road Program	14.218	\$ 351,105	Open		\$ (46,268)	\$ -	\$ -	\$ -	\$ -	\$ -	(46,268)	\$ -	\$ -
Community Development - Road Program	14.218	220,000	Open		(220,000)	-	-	-	-	-	(220,000)	-	-
Total Federal Financial Assistance					\$ (266,268)	\$ -	\$ -	\$ -	\$ -	\$ -	(266,268)	\$ -	\$ -

**BOROUGH OF LODI
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017**

State Grantor / Program Title	Grant or State Project Number	Award Amount	Grant Period From	To	Balance December 31, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) December 31, 2017	Deferred Revenue December 31, 2017	Due to Grantor at December 31, 2017
Grant Fund:													
State of New Jersey, Department of Health --													
2017 Alcohol, Education, Rehabilitation and Enforcement Fund	046-760-4240	\$ 4,291	1/1/2017	12/31/2017	\$ -	\$ -	\$ 4,291	\$ -	\$ -	\$ -	\$ -	\$ 4,291	\$ -
2016 Alcohol, Education, Rehabilitation and Enforcement Fund	046-760-4240	2,239	1/1/2016	12/31/2016	2,239	-	-	-	-	-	-	-	2,239
2015 Alcohol, Education, Rehabilitation and Enforcement Fund	046-760-4240	473	1/1/2015	12/31/2015	470	-	-	-	-	-	-	-	470
2014 Alcohol, Education, Rehabilitation and Enforcement Fund	046-760-4240	1,592	1/1/2014	12/31/2014	1,592	-	-	-	-	-	-	-	1,592
2012 Alcohol, Education, Rehabilitation and Enforcement Fund	046-760-4240	54	1/1/2012	12/31/2012	54	-	-	-	-	-	-	-	54
2011 Alcohol, Education, Rehabilitation and Enforcement Fund	046-760-4240	1,257	1/1/2011	12/31/2011	1,257	-	-	-	-	-	-	-	1,257
2010 Alcohol, Education, Rehabilitation and Enforcement Fund	046-760-4240	743	1/1/2010	12/31/2010	743	-	-	-	-	-	-	-	743
SFY 2005 Alcohol, Education, Rehabilitation and Enforcement Fund	046-760-4240		7/1/2004	6/30/2005	11,236	-	-	-	(6,128)	-	-	-	5,108
2017 Alcohol, Education, Rehabilitation Fund - Municipal Court	046-760-4240		1/1/2017	12/31/2017	-	-	-	(744)	8,047	-	-	-	7,303
2017-2018 Municipal Alliance on Alcoholism & Drug Abuse:													
State Share		11,667	7/1/2017	6/30/2018	-	-	3,070	-	(3,478)	-	(11,677)	-	11,269
State Share		2,919	7/1/2017	6/30/2018	-	-	2,919	(2,919)	-	-	-	-	-
2016-2017 Municipal Alliance on Alcoholism & Drug Abuse:													
State Share		11,667	7/1/2016	6/30/2017	(11,667)	-	11,667	-	-	-	-	-	-
State Share		11,667	7/1/2016	6/30/2017	9,419	-	-	(7,897)	(1,522)	-	-	-	-
2015-2016 Municipal Alliance on Alcoholism & Drug Abuse:													
State Share		11,677	7/1/2015	6/30/2016	(8,485)	-	8,485	-	-	-	-	-	-
State of New Jersey, Department of Environmental Protection --													
2017 Clean Communities Program:	042-765-6010	46,438	Non-Expiring		-	-	46,438	-	-	-	-	-	46,438
2016 Clean Communities Program:	042-765-6010	40,628	Non-Expiring		40,628	-	-	-	-	-	-	-	40,628
2015 Clean Communities Program:	042-765-6010	33,415	Non-Expiring		33,415	-	-	-	-	-	-	-	33,415
2014 Clean Communities Program:	042-765-6010	65,997	Non-Expiring		47,576	-	-	(4,175)	-	-	-	-	43,401
2017 Recycling Tonnage Grant	042-752-6020	23,341	Non-Expiring		-	-	23,341	-	-	-	-	-	23,341
2016 Recycling Tonnage Grant	042-752-6020	22,673	Non-Expiring		22,673	-	-	-	-	-	-	-	22,673
2015 Recycling Tonnage Grant	042-752-6020	22,952	Non-Expiring		22,952	-	-	-	-	-	-	-	22,952
2014 Recycling Tonnage Grant	042-752-6020	51,162	Non-Expiring		51,162	-	-	-	-	-	-	-	51,162
2012 Recycling Tonnage Grant	042-752-6020	21,900	Non-Expiring		7,829	-	-	-	-	-	-	-	7,829
State of New Jersey, Department of Law and Public Safety --													
2017 Body Armor Replacement Program		4,109	1/1/2017	12/31/2017	-	-	4,109	(293)	-	-	-	-	3,816
2016 Body Armor Replacement Program		4,289	1/1/2016	12/31/2016	2,524	-	-	(2,524)	-	-	-	-	-
2014 Drunk Driving Enforcement Fund		3,727	1/1/2014	12/31/2014	3,727	-	-	-	-	-	-	-	3,727
2012 Drunk Driving Enforcement Fund		3,029	1/1/2012	12/31/2012	3,029	-	-	-	-	-	-	-	3,029
2011 Drunk Driving Enforcement Fund		2,207	1/1/2011	12/31/2011	4,415	-	-	-	-	-	-	-	4,415
2010 Drunk Driving Enforcement Fund		2,463	1/1/2010	12/31/2010	2,833	-	-	(330)	-	-	-	-	2,503
					\$ 249,621	\$ -	\$ 104,320	\$ (18,882)	\$ (3,081)	\$ -	\$ (11,677)	\$ 343,655	\$ -
General Capital Fund:													
State of NJ - Department of Transportation		Various	N/A	N/A	\$ (594,830)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (594,830)	\$ -	\$ -
State of NJ - Department of Consumer Affairs		Various	N/A	N/A	(13,500)	-	-	-	-	-	(13,500)	-	-
					\$ (608,330)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (608,330)	\$ -	\$ -
Current Fund:													
State of N.J., Department of Community Affairs --													
Consolidated Municipal Property Tax Relief Aid	082-495-6020	\$ 329,636	01/01/17	12/31/17	\$ -	\$ -	\$ 329,636	\$ (329,636)	\$ -	\$ -	\$ -	\$ -	\$ -
LEA Rebates	022-100-6120	50,854	01/01/17	12/31/17	-	-	50,854	(50,854)	-	-	-	-	-
State of N.J., Department of Treasury --													
Energy Receipts Tax	082-100-6020	1,599,908	01/01/17	12/31/17	-	-	1,599,908	(1,599,908)	-	-	-	-	-
Veterans & Senior Citizens (Including Admin. Fee)	082-495-6020	129,256	01/01/17	12/31/17	-	-	129,256	(129,256)	-	-	-	-	-
State of N.J., Department of State --													
Per Capita Library State Aid	100-074-6010	10,476	Non-Expiring		-	-	10,476	(10,476)	-	-	-	-	-
					\$ -	\$ -	\$ 2,120,130	\$ (2,120,130)	\$ -	\$ -	\$ -	\$ -	\$ -
					\$ (358,709)	\$ -	\$ 2,224,450	\$ (2,139,012)	\$ (3,081)	\$ -	\$ (620,007)	\$ 343,655	\$ -

**BOROUGH OF LODI
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017**

Note 1 - General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Lodi, County of Bergen, State of New Jersey. The Borough of Lodi is defined in Note 1 to the basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2 - Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the regulatory basis of accounting. This basis of accounting is further described in Note 2 to the basic financial statements. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**BOROUGH OF LODI
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017**

Note 3 - Relationship to General-Purpose Financial Statements

Organization

The Borough of Lodi, New Jersey is the prime sponsor and recipient of various federal and state grant funds. The Borough has delegated the general administration of grant programs and the reporting function to the Borough Treasurer. Substantially all grant and program cash funds are commingled with the Borough's other funds, although each grant is accounted for separately within the Borough's financial records. The Borough Treasurer's office performs accounting functions for all grants.

Basis of Accounting

The Borough's grants are presented on the modified accrual basis of accounting utilizing the following methods:

Current Fund Grants -

In accordance with a directive from the State Department of Community Affairs, Division of Local Government Services, all grant revenues and expenditures are fully realized within the current fund budget and corresponding receivables and spending reserves are recorded to account for grant activity.

Trust Fund and Capital Fund Grants -

In accordance with accounting principles prescribed by the State of New Jersey, grant receivables are offset with grant spending reserves.

Local Contributions

Local matching contributions are raised in the current fund budget. The percentage of matching contributions varies with each program. Local and state shares of grants are reflected in total on the Schedule of State Financial Assistance.

Expenditures

Expenditures, as reported on the accompanying schedules of federal and state grants, reflect actual cash disbursements charged directly to a grant program and, in certain instances, do not include allocated expenses or accrued expenses. Differences between budget and actual cash disbursements, as well as differences between budget revenues and actual cash receipts, are transferred to current fund balance when the grant is closed out.

Expenditures per Financial Reports

Expenditures, as reported on the accompanying schedules of federal and state grants, reflect the sum of all expenditures including allocated expenses and accrued expenses reported to the grant funding agency from January 1, 2017 to December 31, 2017.

**BOROUGH OF LODI
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017**

Note 3 - Relationship to General-Purpose Financial Statements (Continued)

Breakdown of grant expenditures by fund is as follows:

Current Fund:	Federal \$0	State \$ 2,120,130
Grant Fund:	Federal \$0	State \$ 20,092
General Capital Fund	Federal \$0	State \$ 0

Note 4 - Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program years.

Note 5 - Federal and State Loans Outstanding

The Borough had the following federal and state loans outstanding at December 31, 2017:

General Capital Fund (Paid by the Current Fund):

Green Trust Loan	\$112,213
Green Trust Loan	\$139,011
Green Trust Loan	\$124,593

Total \$375,817

Note 6 - Contingencies

Each of the grantor agencies reserve the right to conduct additional audits of the Borough's grant programs for economy, efficiency and program results.

**BOROUGH OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Section I -- Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Adverse - GAAP; Qualified - Regulatory
2. Internal control over financial reporting:
- a. Material weakness(es) identified? X yes no
- b. Significant deficiency(ies) identified not considered to be material weakness(es)? yes X no
3. Noncompliance material to general-purpose financial statements noted? yes X no

**BOROUGH OF LODI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2017**

Section I -- Summary of Auditors' Results (Continued)

Federal Awards

*****NOT APPLICABLE - EXPENDITURES UNDER \$750,000*****

1. Internal control over major programs:

a. Material weakness(es) identified? _____ yes _____ no

b. Significant deficiency(ies) identified not considered to be material weakness(es)? _____ yes _____ no

2. Type of auditors' report issued on compliance for major programs: _____ N/A

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) section .510(a)? _____ yes _____ no

4. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>

5. Dollar threshold used to distinguish between type A and type B programs: \$ _____ -

6. Auditee qualified as low-risk auditee? _____ yes _____ no

**BOROUGH OF LODI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2017**

Section I -- Summary of Auditors' Results (Continued)

State Awards

*****NOT APPLICABLE - EXPENDITURES UNDER \$750,000*****

1. Internal control over major programs:

a. Material weakness(es) identified? _____ yes _____ no

b. Significant deficiency(ies) identified not considered to be material weakness(es)? _____ yes _____ no

2. Type of auditors' report issued on compliance for major programs: _____ N/A

3. Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? _____ yes _____ no

4. Identification of major programs:

<u>Program GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>

5. Dollar threshold used to distinguish between type A and type B programs: \$ _____ -

6. Auditee qualified as low-risk auditee? _____ yes _____ no

**BOROUGH OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Section II -- Financial Statement Findings

1. Condition: The municipality failed to comply with *N.J.A.C. 5:30-5.6* which requires the continued maintenance of a fixed asset accounting system.

Criteria: *N.J.A.C. 5:30-5.6*

Cause: The CFO has failed to implement the accounting directive.

Effect: The financial statements do not reflect correct amounts for fixed assets.

Recommendation: That a fixed asset accounting system be maintained in accordance with *N.J.A.C. 5:30-5.6*.

**BOROUGH OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Section III -- Federal and State Award Findings and Questioned Costs

Current Year

Federal Awards Findings & Questioned Costs:

None Reported

State Awards Findings & Questioned Costs:

None Reported

**BOROUGH OF LODI
SUMMARY OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017**

Condition: The municipality failed to comply with *N.J.A.C. 5:30-5.6* which requires the continued maintenance of a fixed asset accounting system.

Status: Condition continues to exist.

REQUIRED SUPPLEMENTAL INFORMATION - GASB 68

SECTION "L" - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)

BOROUGH OF LODI
SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PERS
LAST 10 FISCAL YEARS*

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Borough's proportion of the net pension liability	0.0439056547%	0.0463494620%	0.0440804909%	0.0425867470%	0.0511836037%					
Borough's proportionate share of the net pension liability	\$ 10,220,535	\$ 13,727,381	\$ 9,895,187	\$ 7,973,404	\$ 9,782,204					
Borough's covered employee payroll (Calendar Year)	\$ 3,017,814	\$ 2,968,435	\$ 3,012,961	\$ 2,939,674	\$ 2,924,845					
Borough's proportionate share of the net pension liability as a percentage of its calendar year covered employee payroll	338.67%	462.45%	328.42%	271.23%	334.45%					
Plan fiduciary net position as a percentage of the total pension liability (Local)	48.01%	40.14%	47.93%	52.08%	48.72%					

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Borough will present information for those years for which information is available.

**BOROUGH OF LODI
SCHEDULE OF BOROUGH CONTRIBUTIONS - PERS
LAST 10 FISCAL YEARS***

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 413,810	\$ 378,958	\$ 381,221	\$ 385,658	\$ 437,555					
Contributions in relation to the contractually required contribution	(413,810)	(378,958)	(381,221)	(385,658)	(437,555)					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
Borough's covered employee payroll (Calendar Year)	\$ 3,017,814	\$ 2,968,435	\$ 3,012,961	\$ 2,939,674	\$ 2,924,845					
Contributions as a percentage of covered employee payroll	13.71%	12.77%	12.65%	13.12%	14.96%					

*Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Borough will present information for those years for which information is available.

BOROUGH OF LODI
SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PFRS
LAST 10 FISCAL YEARS*

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Borough's proportion of the net pension liability	0.1564234042%	0.1501332094%	0.1580857066%	0.1530855818%	0.1549219403%					
Borough's proportionate share of the net pension liability	\$ 24,148,749	\$ 28,679,283	\$ 26,331,568	\$ 19,256,746	\$ 20,595,474					
Borough's covered employee payroll (Calendar Year)	\$ 5,272,031	\$ 5,065,378	\$ 4,657,542	\$ 4,779,841	\$ 4,848,821					
Borough's proportionate share of the net pension liability as a percentage of its calendar year covered employee payroll	458.05%	566.18%	565.35%	402.87%	424.75%					
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.60%	52.00%	56.31%	62.41%	58.70%					

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Borough will present information for those years for which information is available.

**BOROUGH OF LODI
 SCHEDULE OF BOROUGH CONTRIBUTIONS - PFRS
 LAST 10 FISCAL YEARS***

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,224,097	\$ 1,285,001	\$ 1,175,803	\$ 1,130,276	\$ 1,179,230					
Contributions in relation to the contractually required contribution	(1,224,097)	(1,285,001)	(1,175,803)	(1,130,276)	(1,179,230)					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Borough's covered employee payroll (Calendar Year)	\$ 5,272,031	\$ 5,065,378	\$ 4,657,542	\$ 4,779,841	\$ 4,848,821					
Contributions as a percentage of covered employee payroll	23.22%	25.37%	25.25%	23.65%	24.32%					

*Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Borough will present information for those years for which information is available.

**BOROUGH OF LODI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2017**

Note 1. Police and Firemen's Retirement System (PFRS)

Changes of benefit terms.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after four years of service. Retirement benefits for age and service 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 early retirement after achieving 25 years of service credit, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of 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.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members contributions providing no survivor death benefits are payable.

Changes of assumptions.

Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then 3 years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

Public Employees' Retirement System (PERS)

Changes of benefit terms.

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS. Retirement benefits for age and service are available at ages 60, 62 or 65 and are generally determined to be 1/55 or 1/60 of the final average salary for each year of service credit, as defined depending on the employees membership tier. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to 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.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions.

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a 1 year static projection based on mortality improvement Scale AA. The tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

The RP-2000 Disabled Mortality Tables (setback 3 years for males and set forward 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Deviation from Assumptions

It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging PERS and PFRS liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

General Comments and Recommendations Section

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017**

General

Ref.

- | | |
|---|----|
| 1. Required dedication by rider approvals were not obtained for all trust accounts. | 1. |
| 2. There are significant municipal owned tax title liens. | 2. |

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017**

Cash Cycle

Ref.

None

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017**

Revenues/Cash Receipts Cycles

Ref.

Treasurer

1. None

Tax Collector

None

Municipal Clerk

None

Recreation Department

None

Fire Official

None

Construction Code Official

None

Registrar of Vital Statistics

None

Police Department

None

Department of Public Works

None

Municipal Court

1. There were 73 tickets assigned but not issued over 180 days old listed on the monthly management report.

3.

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017**

Expenditures/Cash Disbursement Cycles

Ref.

1. There were two Trust Account balances which were overexpended.
2. There was an unidentified miscellaneous trust balance.

7.
4.

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017**

Payroll Cycle

Ref.

1. A record of accumulated absences was not maintained.

6.

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017**

Fixed Assets

Ref.

1. The municipality did not update the fixed asset accounting system in accordance 5. with N.J.A.C. 5:30-5.6.

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017**

Recommendations

1. That required Dedication by Rider approvals be obtained for all trust accounts. *
2. That municipal liens be referred to the Borough Attorney to get all properties back on a tax-paying basis. *
3. That tickets assigned but not issued over 180 days old be recalled and reissued. *
4. That the miscellaneous trust balance be reviewed and cleared of record.
5. That a fixed asset accounting system be maintained in accordance with N.J.A.C. 5:30-5.6. *
6. That a complete record of accumulated absences be maintained. *
7. That controls be implements to avoid overexpending individual trust balances.

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017**

Status of Prior Years' Recommendations

A review was made of all prior year's recommendations, and corrective action was taken on all with the exception of those denoted with an asterisk.

The synopsis of this report, together with the recommendations must be published as required by statute. We wish to express our appreciation of the assistance and courtesies extended by the Borough Officials during the course of the audit.

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria

Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463

June 30, 2018