

BOROUGH OF LODI
County of Bergen, New Jersey

NJ Comprehensive Annual Financial Report
Year Ended December 31, 2012

BOROUGH OF LODI
NJ Comprehensive Annual Financial Report
Year Ended December 31, 2012
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BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

Introductory Section

BOROUGH OF LODI
Municipal Officials
Year Ended December 31, 2012

Name	Title	Term Expires
<u>GENERAL ADMINISTRATION</u>		
Marc Schrieks	Mayor	June 30, 2015
Paula Fiduccia	Deputy Mayor	June 30, 2015
Laura Cima	Councilwoman	June 30, 2015
Patricia Licata	Councilwoman	June 30, 2015
Bruce Masopust	Councilman	June 30, 2015
Anthony Luna	Municipal Manager	
Debra A. Ciliento	Municipal Clerk	
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 Cuccia	Chief Financial Officer	
Sherri Biondi	Treasurer	
George Reggo	Tax Assessor	
Gary Stramandino	Tax Collector	
Tracie Nunno-D'Amico	Municipal Court Judge	June 30, 2013
Carol DeFalco	Municipal Court Administrator	
Patricia Biegel	Deputy Court Administrator	
Vincent Caruso	Chief of Police	
Frank Samperi	Municipal Prosecutor	
Frank P. Luciano	Public Defender	
Carol L. D'Amico	Registrar of Vital Statistics	
Paul Wanco	Fire Official	
Joel Lavin	Construction Code Official	
Nicholas Melfi, Jr.	Building Sub-Code Official	
Robert Schultz	Electrical Sub-Code Official	
Jerry Walis	Fire Sub-Code Official	
James Mazur, Sr.	Plumbing Sub-Code Official	
Michael A. Cardone, Jr.	Property Maintenance Official	
Brian Paladino	Superintendent of Public Works	
Deborah Ricci	Health Inspector	

BOROUGH OF LODI
Municipal Officials
Year Ended December 31, 2012

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>PLANNING BOARD</u>		
Alexander J. Noreika	Chairperson	June 30, 2014
Francis Carrasco	Co-Chairperson	June 30, 2014
Thomas Palumbo	Member	June 30, 2016
Alighieri Borelli	Member	June 30, 2016
David Lortz	Member	June 30, 2015
Marjorie Brietwieser	Member	June 30, 2016
Irwin Stolz	Class I	June 30, 2013
Paul Wanco	Class II	June 30, 2013
Paula Fiduccia	Class III	June 30, 2013
Joseph Russo, Esq.	Planning Board Attorney	
Marlene Muska	Planning Board Secretary	
Gary Paporozzi	Planning Board Planner	
Thomas Solfaro/Michael Neglia	Planning Board Engineer	
<u>ZONING BOARD</u>		
Frank Gaciofano	Chairperson	June 30, 2016
Louis Avola	Co-Chairperson	June 30, 2016
Gerald Inserra	Member	June 30, 2015
Bruce Gilson	Member	June 30, 2014
Domenic Staine	Member	June 30, 2015
Anthone Bene	Member	June 30, 2016
Robert Schriecks	Member	June 30, 2016
Anthony Bua	Alternate #1	June 30, 2014
Thomas Biegel	Alternate #2	June 30, 2014
Marcel Wurms, Esq.	Zoning Board Attorney	
Marlene Muska	Zoning Board Secretary	
Gary Paporozzi	Zoning Board Planner	
Thomas Solfaro/Michael Neglia	Zoning Board Engineer	

BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

Financial Section

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 basic financial statements - *regulatory basis* - of the various funds of the Borough of Lodi, in the County of Bergen (the "Borough") as of and for the year ended December 31, 2012, and the related notes to the 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 the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as described in Note 2 to the financial statements. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 in accordance with the basis of accounting prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey. 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 in the first paragraph do not present fairly in conformity with accounting principles generally accepted in the United States of America the financial position of the Borough as of December 31, 2012, or the changes in financial position or where applicable, cash flows thereof, for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 13 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 \$290,911 for 2012 were not audited and, therefore, we express no opinion on the LOSAP program.

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 of the various funds of the Borough as of December 31, 2012, and the results of operations and changes in fund balance - *regulatory basis* - , where applicable, of such funds, thereof for the year then ended on the basis of the financial reporting provisions prescribed by the Division, as described in Note 2.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and the schedule of expenditures of state financial assistance, as required by the *U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations*; and *New Jersey OMB's Circular 04-04, 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 and the schedules of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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, 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.

The comments and recommendations section has 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 it.

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, 2013 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

**Registered Municipal Accountant
RMA No. CR00463**

June 30, 2013

BOROUGH OF LODI
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE (Regulatory Basis)
ALL FUND TYPES AND ACCOUNT GROUPS

A-1

	Current Fund	Federal and State Grant Fund	Trust Fund	General Capital Fund	Fixed Asset Account Group	Totals (Memorandum Only)	
						December 31, 2012	December 31, 2011
<u>ASSETS AND OTHER DEBITS</u>							
Cash	\$ 6,242,254	\$ (10,943)	\$ 2,316,712	\$ 217,073	\$ -	\$ 8,765,096	\$ 10,117,164
Deferred Compensation Assets	-	-	290,911	-	-	290,911	261,700
Interfunds Receivable	-	-	-	553,534	-	553,534	2,862
Intergovernmental Receivable	-	235,565	-	1,516,737	-	1,752,302	1,768,377
Accounts Receivable	509,975	-	-	-	-	509,975	243,105
Deferred Charges	2,144,000	-	-	23,958,204	-	26,102,204	25,312,389
Fixed Assets	-	-	-	-	23,234,532	23,234,532	23,234,532
Total Assets and Other Debits	<u>\$ 8,896,229</u>	<u>\$ 224,622</u>	<u>\$ 2,607,623</u>	<u>\$ 26,245,548</u>	<u>\$ 23,234,532</u>	<u>\$ 61,208,554</u>	<u>\$ 60,940,129</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>							
Interfunds Payable	\$ 553,534	\$ -	\$ -	\$ -	\$ -	\$ 553,534	\$ 2,862
Intergovernmental Payable	14,200	-	11	-	-	14,211	5,646
Other Liabilities and Reserves	2,423,252	224,622	2,607,612	1,254,479	-	6,509,965	6,573,864
Improvement Authorizations	-	-	-	3,813,604	-	3,813,604	3,596,627
Emergency Notes Payable	-	-	-	-	-	-	250,000
Special Emergency Notes Payable	784,000	-	-	-	-	784,000	980,000
Serial Bonds Payable	-	-	-	2,575,000	-	2,575,000	3,556,000
Loans Payable	-	-	-	734,442	-	734,442	836,627
Bond Anticipation Notes Payable	-	-	-	17,735,762	-	17,735,762	17,849,762
Reserve for General Fixed Assets	-	-	-	-	23,234,532	23,234,532	23,234,532
Reserve for Receivables and Other Assets	509,975	-	-	-	-	509,975	243,105
Fund Balances	4,611,268	-	-	132,261	-	4,743,529	3,811,104
Total Liabilities, Reserves and Fund Balance	<u>\$ 8,896,229</u>	<u>\$ 224,622</u>	<u>\$ 2,607,623</u>	<u>\$ 26,245,548</u>	<u>\$ 23,234,532</u>	<u>\$ 61,208,554</u>	<u>\$ 60,940,129</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF LODI
CURRENT FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE (Regulatory Basis)

	<u>2012</u>
<u>REVENUES AND OTHER CREDITS TO INCOME</u>	
Revenues:	
Fund Balance Anticipated	\$ 1,036,000
Miscellaneous Revenues	6,091,996
Receipts from Delinquent Taxes	30,006
Amount to be Raised by Taxation - Local	16,622,900
Amount to be Raised by Taxation - Library	685,507
Total Revenues	<u>\$ 24,466,409</u>
Other Credits to Income	45,391,727
Total Revenues and Other Credits to Income	<u>\$ 69,858,136</u>
 <u>EXPENDITURES AND OTHER CHARGES TO INCOME</u>	
Expenditures:	
Operations Within "CAPS":	
Salaries and Wages	\$ 9,414,234
Other Expenses	7,902,804
Deferred Charges and Statutory Expenditures	1,988,489
Operations Excluded From "CAPS":	
Salaries and Wages	-
Other Expenses	2,486,086
Capital Improvements	100,000
Municipal Debt Service	2,278,857
Deferred Charges	686,000
Judgments	-
Reserve for Uncollected Taxes	125,000
Total Budget Expenditures	<u>\$ 24,981,470</u>
Other Expenses and Charges to Income	43,308,354
Total Expenditures	<u>\$ 68,289,824</u>
Statutory (Deficit)/Excess to Current Fund Balance	1,568,312
Transferred to Deferred Charge of Succeeding Year	400,000
Fund Balance, July 1	<u>3,678,956</u>
	5,647,268
Decreased by:	
Utilization as Anticipated Revenue	1,036,000
Fund Balance, December 31	<u>\$ 4,611,268</u>

BOROUGH OF LODI
CURRENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (Regulatory Basis)
BUDGET AND ACTUAL
Year Ended December 31, 2012

	Budget as Modified	Actual	Variance
<u>REVENUES AND OTHER CREDITS TO INCOME</u>			
Revenues:			
Fund Balance Anticipated	\$ 1,036,000	\$ 1,036,000	\$ -
Miscellaneous Revenues	5,883,844	6,091,996	208,152
Receipts from Delinquent Taxes	-	30,006	30,006
Amount to be Raised by Taxation - Local	16,976,119	16,622,900	(353,219)
Amount to be Raised by Taxation - Library	685,507	685,507	-
Total Revenues	24,581,470	24,466,409	(115,061)
Other Credits to Income	42,826,654	45,391,727	2,565,073
Total Revenues and Other Credits to Income	\$ 67,408,124	\$ 69,858,136	\$ 2,450,012
<u>EXPENDITURES AND OTHER CHARGES TO INCOME</u>			
Expenditures:			
Operations Within "CAPS":			
Salaries and Wages	\$ 9,414,234	\$ 9,414,234	\$ -
Other Expenses	7,902,804	7,902,804	-
Deferred Charges and Statutory Expenditures	1,988,489	1,988,489	-
Operations Excluded From "CAPS":			
Salaries and Wages	-	-	-
Other Expenses	2,486,086	2,486,086	-
Capital Improvements	100,000	100,000	-
Municipal Debt Service	2,278,857	2,278,857	-
Deferred Charges	686,000	686,000	-
Judgments	-	-	-
Reserve for Uncollected Taxes	125,000	125,000	-
Total Budget Expenditures	24,981,470	24,981,470	-
Other Expenses	42,826,654	43,308,354	481,700
Total Expenditures	\$ 67,808,124	\$ 68,289,824	\$ 481,700
Statutory (Deficit)/Excess to Current Fund Balance		1,568,312	
Transferred to Deferred Charge of Succeeding Year		400,000	
Fund Balance, July 1		3,678,956	
		5,647,268	
Decreased by:			
Utilization as Anticipated Revenue		1,036,000	
Fund Balance, December 31		\$ 4,611,268	

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

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 revertd 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, 2012

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 - 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, 2012

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 Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the municipalitie's financial statements.

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, 2012

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

Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. 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. 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, 2012

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, 2012

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 Township's budget. Other amounts that are due the Township 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 Township's annual budget, but also the amounts required in support of the budgets of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township'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, 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

P. Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the municipalities' 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, 2012

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 November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Borough's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Borough's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Borough's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the financial position of the Borough but will require due diligence analysis and specific disclosure in the financial statements.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

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

New Jersey Statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits, or the New Jersey Cash Management Fund.

All bank deposits as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act.

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

<u>Year</u>	<u>Book Balance</u>	<u>Carrying Amount</u>
2012	\$ 8,765,096	\$ 10,629,225

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, 2012.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

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).

No investments were held as of December 31, 2012.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 5 - Receivables

New Jersey municipal accounting procedures require accrued receivables to be off-set with a reserve originating with a charge to operations. Exceptions to this requirement include those grants used to fund capital projects reflected in the General Capital Fund, amounts due from the State of New Jersey for Veterans and Senior Citizens Deductions and public and private programs qualifying for grant accounting treatment in the Federal and State Grant Fund.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 6 - Commitments

The municipality is entered into a number of immaterial operating leases (postage and copy machines) which vary on cancellation provisions and other terms. Annual requirements are provided for in appropriate department budget appropriations.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 7 - Fixed Assets

The following is a summary of general fixed asset additions, deletions and adjustments:

2012

	Beginning Balance		Additions		Deletions		Adjustments		Ending Balance
Land	\$ 11,179,200	\$	-	\$	-	\$	-	\$	11,179,200
Land Improvements	344,800		-		-		-		344,800
Buildings	6,185,450		-		-		-		6,185,450
Machinery & Equipment	5,503,607		-		-		-		5,503,607
Underground Equipment	21,475		-		-		-		21,475
	<u>\$ 23,234,532</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>23,234,532</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 8 - 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.

The Borough's long term debt paid by the Current Fund consisted of the following at December 31, 2012:

\$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, 2012 is \$2,575,000.

\$490,000 - Green Trust Loan (Memorial & Kennedy Parks) issued 4/8/1998 payable in semi-annual installments through 11/8/2014. Interest is paid semi-annually at 2.00% per annum. The balance remaining on this issue as of December 31, 2012 is \$66,615.

\$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, 2012 is \$70,394.

\$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, 2012 is \$31,673.

\$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, 2012 is \$160,480.

\$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, 2012 is \$198,807.

\$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, 2012 is \$188,620.

\$70,650 - New Jersey Environmental Infrastructure Trust (Fund Loan) payable in semi-annual installments through 8/1/2013. No Interest is payable on this issuance. The balance remaining on this issue as of December 31, 2012 is \$7,853.

\$70,000 - New Jersey Environmental Infrastructure Trust (Trust Loan) payable in semi-annual installments through 8/1/2013. Interest is paid semi-annually at 2.00% per annum. The balance remaining on this issue as of December 31, 2012 is \$10,000.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 8 - 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.

	<u>December 31,</u> <u>2012</u>
Issued:	
School Bonds and Notes	\$ 545,000
General Bonds and Notes	<u>21,045,204</u>
	<u>\$ 21,590,204</u>
Authorized but not Issued:	
General Bonds and Notes	<u>\$ 2,913,000</u>
Gross Debt	<u>\$ 24,503,204</u>
Deductions	<u>\$ 1,663,156</u>
Net Debt	<u><u>\$ 22,840,048</u></u>
Equalized Valuation Basis	\$ 2,111,659,198
Statutory Net Debt Percentage	1.082%
3-1/2% of Equalized Valuation Basis	\$ 73,908,072
Remaining Borrowing Power	\$ 51,068,024

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 8 - 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, 2012 are as follows:

Calendar Year	6/15/05 General Improvement Bonds		4/08/97 Green Trust Loan Memorial & Kennedy Parks	
	Principal	Interest	Principal	Interest
2013	\$ 475,000	\$ 92,906	\$ 32,975	\$ 1,168
2014	500,000	74,000	33,640	505
2015	525,000	53,500	-	-
2016	525,000	32,500	-	-
2017	550,000	11,000	-	-
	<u>\$ 2,575,000</u>	<u>\$ 263,906</u>	<u>\$ 66,615</u>	<u>\$ 1,673</u>

Calendar Year	6/28/98 Green Trust Loan Saddle River Park Acquisition		9/21/98 Green Trust Loan Saddle River Park Development	
	Principal	Interest	Principal	Interest
2013	\$ 13,524	\$ 1,341	\$ 6,085	\$ 603
2014	13,796	1,069	6,208	481
2015	14,073	791	6,332	356
2016	14,356	509	6,460	229
2017	14,645	220	6,588	99
	<u>\$ 70,394</u>	<u>\$ 3,930</u>	<u>\$ 31,673</u>	<u>\$ 1,768</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 8 - 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
	2013	\$ 9,273	\$ 3,164	\$ 11,488
2014	9,460	2,977	11,719	3,688
2015	9,650	2,787	11,954	3,453
2016	9,844	2,593	12,194	3,212
2017	10,042	2,395	12,440	2,967
2018	10,243	2,193	12,690	2,717
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	12,252	184	15,179	228
	<u>\$ 160,480</u>	<u>\$ 26,069</u>	<u>\$ 198,807</u>	<u>\$ 32,295</u>

Calendar Year	6/5/06 Green Trust Loan Memorial Park Improvements		N.J.E.I.T. Fund Non-Interest Bearing Loan	
	Principal	Interest	Principal	Interest
	2013	\$ 12,301	\$ 3,711	\$ 7,853
2014	12,548	3,464	-	-
2015	12,800	3,212	-	-
2016	13,058	2,954	-	-
2017	13,320	2,692	-	-
2018	13,588	2,424	-	-
2019	13,861	2,151	-	-
2020	14,140	1,873	-	-
2021	14,424	1,588	-	-
2022	14,714	1,298	-	-
2023	15,009	1,003	-	-
2024	15,311	701	-	-
2025	15,619	393	-	-
2026	7,927	79	-	-
	<u>\$ 188,620</u>	<u>\$ 27,543</u>	<u>\$ 7,853</u>	<u>\$ -</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 8 - Municipal Debt (Continued)

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

Calendar Year	N.J.E.I.T. Fund Interest Bearing Loan		Total	
	Principal	Interest	Principal	Interest
2013	\$ 10,000	\$ 525	\$ 578,499	\$ 107,337
2014	-	-	587,371	86,184
2015	-	-	579,809	64,099
2016	-	-	580,912	41,997
2017	-	-	607,035	19,373
2018	-	-	36,521	7,334
2019	-	-	37,255	6,600
2020	-	-	38,004	5,852
2021	-	-	38,768	5,088
2022	-	-	39,547	4,309
2023	-	-	40,341	3,514
2024	-	-	41,152	2,703
2025	-	-	41,979	1,875
2026	-	-	34,818	1,032
2027	-	-	27,431	412
	<u>\$ 10,000</u>	<u>\$ 525</u>	<u>\$ 3,309,442</u>	<u>\$ 357,709</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 8 - Municipal Debt (Continued)

D. Summary of Changes in Municipal Debt

During the fiscal year ended December 31, 2012, the following changes occurred in liabilities reported as general long-term debt:

	Beginning Balance	Issued	Retired	Ending Balance
Short-Term Debt:				
Tax Anticipation Notes	\$ -	\$ -	\$ -	-
Bond Anticipation Notes	17,849,762	17,735,762	(17,849,762)	17,735,762
Emergency Notes	-	-	-	-
	<u>\$ 17,849,762</u>	<u>\$ 17,735,762</u>	<u>\$ (17,849,762)</u>	<u>\$ 17,735,762</u>
Long-Term Debt:				
Serial Bonds	\$ 3,556,000	\$ -	\$ (981,000)	\$ 2,575,000
Loans Payable	836,627	-	(102,185)	734,442
Authorized but not Issued	640,000	2,913,000	(640,000)	2,913,000
	<u>\$ 5,032,627</u>	<u>\$ 2,913,000</u>	<u>\$ (1,723,185)</u>	<u>\$ 6,222,442</u>
	<u>\$ 22,882,389</u>	<u>\$ 20,648,762</u>	<u>\$ (19,572,947)</u>	<u>\$ 23,958,204</u>

	Ending Balance	Amounts Due in 2013	Long-term Portion
Short-Term Debt:			
Tax Anticipation Notes	\$ -		\$ -
Bond Anticipation Notes	17,735,762	17,735,762	-
Emergency Notes	-		-
	<u>\$ 17,735,762</u>	<u>\$ 17,735,762</u>	<u>\$ -</u>
Long-Term Debt:			
Serial Bonds	\$ 2,575,000	\$ 475,000	\$ 2,100,000
Loans Payable	734,442	103,500	630,942
Authorized but not Issued	2,913,000	-	2,913,000
	<u>\$ 6,222,442</u>	<u>\$ 578,500</u>	<u>\$ 5,643,942</u>
	<u>\$ 23,958,204</u>	<u>\$ 18,314,262</u>	<u>\$ 5,643,942</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 9 - 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 been 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:

CY2012 - \$24,006

CY2011 - \$28,787

CY2010 - \$25,192

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 10 - Interfunds

As of December 31, 2012 interfund balances on the Borough's various balance sheets were as follows:

	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ -	\$ 553,534
Trust Fund	-	-
General Capital Fund	553,534	-
	<u>\$ 553,534</u>	<u>\$ 553,534</u>
		-

Interfund balances are comprised of the following:

Current Fund owes the General Capital Fund for expenditures paid by the General Capital Fund on its behalf. 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, 2012

Note 11 - Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, 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	200,000	200,000	-
Special Emergency	-	-	-
Authorizations (40A:4-53)	1,944,000	476,000	1,468,000
	<u>\$ 2,144,000</u>	<u>\$ 676,000</u>	<u>\$ 1,468,000</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 12 - Retirement Plans

Those employees who are eligible for pension coverage are enrolled in either the Public Employees Retirement System of New Jersey (PERS) or the Police and Firemans' Retirement System of New Jersey (PFRS) and the Defined Contribution Retirement Program (DCRP). The systems are cost-sharing multiple-employer contributory defined benefit pension plans, and are component units of the State of New Jersey. Each retirement system has a Board of Trustees which is responsible for its organization and administration.

A. Public Employees' Retirement System (PERS)

Description of the System - The State of New Jersey Public Employees' Retirement System (the System; PERS) is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The System is included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey.

At June 30, 2011 and 2010, the dates of the most recent actuarial valuations, participating employers consisted of the following:

	2011	2010
State of New Jersey	1	1
County Agencies	65	65
Municipalities	579	580
School Districts	580	581
Other Public Agencies	481	483
Total	<u>1,706</u>	<u>1,710</u>

The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System 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 pension fund or local jurisdiction's pension fund. The System's Board of Trustees is primarily responsible for the administration of the System.

According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 12 - Retirement Plans (Continued)

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

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The System provides retirement, death and disability benefits. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the System.

For Tier 1 members, retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of final average salary for each year of service credit, as defined 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). Members may seek early retirement after achieving 25 years service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

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.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The COLA increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions. Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits.

Significant Legislation - Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and prior to November 2, 2008 (Tier 2 members) and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55. Also, this law provided that the amount of compensation for Tier 2 members used for employer and member contributions and benefits under the PERS cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008 and on or before May 21, 2010 (Tier 3 members). It also increased the minimum annual compensation required for membership eligibility for new Tier 3 members from \$1,500 to \$7,500 in addition to amending the early retirement reduction formula for Tier 3 members retiring with 25 years of service to 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS hired after May 21, 2010 (Tier 4 and Tier 5 members) from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for these members of PERS to 1/60 from 1/55, and it provided that the retirement allowance for these members be calculated using the average annual compensation for the last five years of service instead of the last three years of service. Tier 4 and Tier 5 members of PERS no longer receive pension service credit from more than one employer. Pension service credit is earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for Tier 4 and Tier 5 members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provided that new members of PERS hired on or after June 28, 2011 (Tier 5 members) need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. Tier 5 members are eligible for a service retirement benefit at age 65.

Membership in the system consisted of the following at June 30, 2011 and 2010, the dates of the most recent actuarial valuations:

	2011	2010
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	149,218	141,973
Active Members:		
Vested	149,719	149,506
Non-Vested	142,107	159,593
Total Active Members	291,826	309,099
Total	441,044	451,072

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 12 - Retirement Plans (Continued)

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

Description of the System

State of New Jersey Police and Firemen's Retirement System (the System; PFRS) is a cost-sharing multiple-employer contributory defined benefit plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The System is included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey.

At June 30, 2011 and 2010, the dates of the most recent actuarial valuations, participating employers consisted of the following:

	2011	2010
State of New Jersey	1	1
Municipalities	585	588
Total	<u>586</u>	<u>589</u>

The System's designated purpose is to provide retirement, death and disability benefits to its members. Membership in the System is mandatory for substantially all full-time county and municipal police or firemen, and state firemen or officer employees with police powers appointed after June 30, 1944. The System's Board of Trustees is primarily responsible for its administration.

According to State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Note 12 - Retirement Plans (Continued)

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

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service. 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. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement 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. The annual benefit under special retirement is 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70% of final compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, the annual benefit under special retirement for members enrolled after June 28, 2011 (Tier 3 members), is 60% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 65% of final compensation.

Widow/widowers of members retired since December 18, 1967 receive 50% of the retiree's final compensation. The minimum annual widow/widower's benefits of an accidental disability retiree prior to December 18, 1967 and of all retirees since December 18, 1967 is \$4,500.

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.

Eligible retirees receiving monthly benefits are entitled to cost-of-living (COLA) increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The COLA increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions. Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 12 - Retirement Plans (Continued)

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

Significant Legislation:

Pursuant to Chapter 1, P.L. 2010, for new members of PFRS hired after May 21, 2010 (Tier 2 members), this law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and required the pension benefit to be calculated using a three-year average annual compensation instead of the last year's salary.

Membership in the System consisted of the following at June 30, 2011 and 2010 the dates of the most recent actuarial valuations:

	2011	2010
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	38,091	35,973
Active members:		
Vested	28,817	29,552
Non-vested	13,182	14,652
Total active members	41,999	44,204
Total	80,090	80,177

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 12 - Retirement Plans (Continued)

C. Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008,

The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Eligibility

Individuals eligible for membership in the DCRP include:

- 1) State or local officials who are elected or appointed on or after July 1, 2007
- 2) Employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; and
- 3) Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Membership Tier 3 enrollment (\$7,500 in 2009, subject to adjustment in future years) but who earn salary of at least \$1,500 annually.)

Employees enrolled in the PERS or TPAF on or after July 1, 2007 are subject to a maximum compensation limit for PERS and TPAF pension contributions. The maximum compensation is based on the annual maximum wage for Social Security (see chart below) and is subject to change at the start of each calendar year.

Enrollment

Eligible PERS or TPAF members are enrolled in the DCRP when the annual salary exceeds the maximum compensation limit. This may occur either:

Upon enrollment into the PERS or TPAF when an annual base salary is reported on the Enrollment Application that will exceed the maximum compensation; or when a PERS or TPAF member's annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and Benefits (either by directly contacting the Division, or when submitted by the employer on the Quarterly Report of Contributions). When enrolled in the DCRP, members contribute 5.5% of the base salary in excess of the maximum compensation limit to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pensions and Benefits. Member contributions are matched by a 3% employer contribution based on the salary in excess of the maximum compensation limit.

It is important that an employer enroll a DCRP eligible PERS or TPAF member as soon as it is known that the employee's annual salary will exceed the maximum compensation, so that the DCRP account can be established in advance of collection of any required contributions.

Note 12 - Retirement Plans (Continued)

C. Defined Contribution Retirement Program (DCRP)

Retirement

Six months before retirement, a member should contact the employer and Prudential Financial for information regarding DCRP benefits and options.

A DCRP member may elect to receive all or a portion of his/her account in a lump-sum distribution, or in a variety of periodic payment methods. Please contact your administrative services provider for more information. All returns of contributions and earnings are considered taxable in the year they are received; therefore, the type of payout plan should be considered carefully prior to retirement.

There is no minimum retirement age under the DCRP. The member will automatically be considered retired, regardless of age, if there is any distribution of mandatory contributions.

A member may take a distribution at any time after termination of employment; however, if you return to public employment in New Jersey, you cannot participate in any State-administered retirement system.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 12 - Retirement Plans (Continued)

D. Contributions Required by Employer

	<u>Year</u>	<u>Pension Cost</u>	<u>Percentage Contributed</u>	<u>Pension Obligation</u>
<i>Police and Firemens' Pension Fund (PFRS)</i>				
	2012	\$ 1,111,331	100.00%	\$ 1,111,331
<i>Public Employees Retirement System (PERS)</i>				
	2012	\$ 439,158	100.00%	\$ 439,158
<i>Defined Contribution Retirement Program (DCRP)</i>				
	2012	-	100.00%	-

E. Trend Information

Historical trend information showing the plan's progress in accumulating sufficient assets to pay benefits when due are presented in the State of New Jersey's PERS, PFRS and DCRP financial reports. Those reports may be obtained by writing to the State of New Jersey, Department of Treasury Division of Pensions, Trenton, New Jersey.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 13 - Deferred Compensation Plans

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>2012</u>
Assets, Beginning of Year (Market Value)	\$ 261,700
Municipal Contribution	19,000
Earnings and Adjustments to Market Value	28,149
Payments to Eligible Volunteers	(14,878)
Charges and Credits	(3,060)
Assets, Ending of Year (Market Value)	<u>\$ 290,911</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 14 - Other Post Employment Benefits

A. Compensated Absences

The Borough has permitted certain employees and bargaining units to accrue unused sick pay which may be taken as time off or paid at a later date at an agreed upon rate. A detail of amounts due is on file in the Office of the Borough Manager - One Memorial Drive Lodi, NJ 07644 (973) 365-4005. 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, 2012 to be \$3,100,000.

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, 2012

Note 14 - Other Post Employment Benefits

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/pdf/financial/gasb-43-july2012.pdf>.

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 2012 rates charged by the system for each medical coverage category ranged from \$445.41 to \$2,366.58 per month and \$59 to \$169 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, 2011 for all bargaining units noted was approximately \$516,000, which equaled the required contributions for the year. There were approximately 22 retired participants eligible at December 31, 2012.

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2012

Note 14 - Other Post Employment Benefits

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 Employees Union, Lodi White Collar Department Heads and Supervisors Employee Association and The Lodi Public Works Association 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, 2012

Note 14 - Other Post Employment Benefits

B. Health Care Benefits (Continued)

Municipal Manager

Upon retirement or termination from employment or non-renewal of the agreement between the Manager and the Borough, the Borough shall reimburse the Manager for an amount not to exceed \$5,000 per year for any supplemental health coverage, provided that the Manager purchases same and said reimbursement shall be payable to the Manager 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 the Manager for the remainder of their life.

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

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

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.

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, 2012

Note 15 - Contingencies

A. Litigation

The municipality 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 municipality.

B. Federal and State Grants

The municipality 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 municipality may be required to reimburse the grantor agency. As of December 31, 2012, significant amounts of grant expenditures have not been audited. The municipality 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, 2012. 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, 2012, the Borough did not record reserves in the Current Fund for tax appeals pending in the New Jersey Tax Court. 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, 2012

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 2013 Capital Budget currently includes the following:

Purpose	Total	CIF and Other Funded Sources	Bonds & Notes Authorized
#2013-03 - Improvements to Municipal Facilities	\$ 100,000	\$ 5,000	\$ 95,000
#2013-04 - Acquisition of Vehicles	100,000	5,000	95,000
#2013-05 - Acquisition of Equipment	100,000	5,000	95,000
#2013-06 - Sanitary Sewer System Improvements	250,000	15,000	235,000
#2013-07 - CY2013 Curb & Sidewalk Program - Local	300,000	15,000	285,000
#2013-08 - Acquisition of Fire Pumper	800,000	40,000	760,000
	<u>\$ 1,650,000</u>	<u>\$ 85,000</u>	<u>\$ 1,565,000</u>

B. Bond Anticipation Notes

On January 11, 2013 the Borough issued a Bond Anticipation Note in the amount of \$12,050,000, to temporarily finance expenditures related to various capital projects. The Borough awarded the sale of said note to Jefferies & Company, Inc. at an interest rate of 1.25% receiving a premium of \$16,751 resulting in a blended reduced effective interest rate. This note matured on April 26, 2013 and was paid in full with \$11,350,000 of bond sale proceeds from an issuance dated April 15, 2013, \$6,844 from a 2013 budget appropriation and \$693,156 from the reserve for payment of debt service .

On February 15, 2013 the Borough issued a Bond Anticipation Note in the amount of \$1,710,000, to temporarily finance expenditures related to the undertaking of the Lodi High School synthetic turf athletic field project. The Borough awarded the sale of said note to TD Securities (USA), LLC at an interest rate of 1.00% receiving a premium of \$3,027 resulting in a blended reduced effective interest rate. This note will mature on February 14, 2014.

On May 24, 2013 the Borough issued a Bond Anticipation Note in the amount of \$5,840,000, to temporarily finance expenditures related to Phase V of the downtown redevelopment. The Borough awarded the sale of said note to Wells Fargo Bank, N.A. at an interest rate of .73%. This note will mature on May 23, 2014.

C. Serial Bonds

On April 15, 2013, the Borough issued serial bonds in the amount of \$11,350,000 to permanently finance amounts outstanding on various Bond Anticipation Notes. The Borough awarded the sale of said bonds to PNC Capital Markets at interest rates from 1.00% to 3.00%. This note will mature on April 15, 2028.

BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE (Regulatory Basis)

	2012	2011
<u>ASSETS AND OTHER DEBITS</u>		
Cash:		
Operating Account	\$ 6,241,754	\$ 6,168,248
Change Fund	500	500
	<u>\$ 6,242,254</u>	<u>\$ 6,168,748</u>
Intergovernmental Receivable:		
Due From State of N.J. (P.L. 1976, c.73)	\$ -	\$ 26,433
Other Receivables:		
Delinquent Property Taxes	\$ 91,165	\$ 30,373
Tax Title Liens Receivable	400,563	194,485
Property Acquired for Taxes at Assessed Valuation	18,247	18,247
	<u>\$ 509,975</u>	<u>\$ 243,105</u>
Deferred Charges:		
Emergency Authorizations	\$ 200,000	\$ 250,000
Special Emergency Authorizations (N.J.S. 40A:4-53.1)	1,944,000	2,180,000
	<u>\$ 2,144,000</u>	<u>\$ 2,430,000</u>
Total Assets and Other Debits	<u>\$ 8,896,229</u>	<u>\$ 8,868,286</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Interfunds Payable:		
Due to General Capital Fund	\$ 553,534	\$ 2,862
Due to Other Trust Fund	-	-
	<u>\$ 553,534</u>	<u>\$ 2,862</u>
Intergovernmental Payable:		
County of Bergen	\$ 10,911	\$ 1,786
State of New Jersey	3,289	3,849
	<u>\$ 14,200</u>	<u>\$ 5,635</u>
Other Liabilities and Reserves:		
Appropriation Reserves	\$ 1,666,986	\$ 1,640,223
Reserve for Encumbrances	188,620	151,480
Tax Title Lien Redemptions Due to Outside Lien Holders	-	62,522
Taxes Collected in Advance	109,832	179,213
Tax Overpayments	48,567	2,801
Emergency Note Payable	-	250,000
Special Emergency Note Payable	784,000	980,000
Reserve for Special emergency - Hurricane Irene	409,247	1,671,489
	<u>\$ 3,207,252</u>	<u>\$ 4,937,728</u>
Reserve for Receivables and Other Assets	<u>\$ 509,975</u>	<u>\$ 243,105</u>
Fund Balance	<u>\$ 4,611,268</u>	<u>\$ 3,678,956</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 8,896,229</u>	<u>\$ 8,868,286</u>

BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF BUDGET REVENUES AND OTHER CREDITS TO INCOME (Regulatory Basis)
Year Ended December 31, 2012

	Budget As Modified	Realized	Excess/ (Deficit)
Fund Balance Anticipated	\$ 1,036,000	\$ 1,036,000	\$ -
Miscellaneous Revenues:			
Alcoholic Beverage Licenses	\$ 20,000	\$ 21,556	\$ 1,556
Other Licenses	70,000	80,569	10,569
Fees and Permits	190,000	162,030	(27,970)
Municipal Court Fines and Costs	480,000	546,552	66,552
Interest and Costs on Taxes	115,000	123,209	8,209
Interest on Investments and Deposits	25,000	9,270	(15,730)
Sewer Charges	1,800,000	1,890,249	90,249
Consolidated Municipal Property Tax Relief	494,766	494,766	-
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	1,434,778	1,434,778	-
Uniform Construction Code Fees	175,000	244,999	69,999
Body Armor Replacement Program	3,908	3,908	-
Drunk Driving Enforcement Fund	3,029	3,029	-
Recycling Tonnage Grant	21,900	21,900	-
Clean Communities Grant	30,836	30,836	-
Alcohol Education & Rehabilitation Grant	54	54	-
Click It or Ticket Program	4,000	4,000	-
Uniform Fire Safety Act - State	50,000	18,049	(31,951)
Uniform Fire Safety Act - Local	165,000	185,296	20,296
Host Community Fees	70,000	77,438	7,438
Cable TV Franchise Fees - Cablevision	212,343	212,343	-
Cable TV Franchise Fees - Verizon FIOS	69,223	69,223	-
P.V.W.C. Water Utility Lease Payment	62,290	62,800	510
Joint Insurance Fund Dividend	35,000	41,492	6,492
Cellular Tower Lease - AT&T	30,000	33,600	3,600
Cellular Tower Lease - (Metro PCS)	20,000	18,333	(1,667)
Sanitary Sewer Tie-in Agreement (Saddle Brook TWP)	20,000	20,000	-
BAN Reimbursement (Railroad Plaza LLC)	181,717	181,717	-
School Security Reimbursement - Lodi BOE	100,000	100,000	-
Total Miscellaneous Revenues	<u>\$ 5,883,844</u>	<u>\$ 6,091,996</u>	<u>\$ 208,152</u>
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items	<u>\$ 1,015,572</u>	<u>\$ 1,020,290</u>	<u>\$ 4,718</u>
Receipts From Delinquent Taxes	<u>\$ -</u>	<u>\$ 30,006</u>	<u>\$ 30,006</u>
Amount to be Raised by Taxation - Local	\$ 16,976,119	\$ 16,622,900	\$ (353,219)
Amount to be Raised by Taxation - Library	<u>\$ 685,507</u>	<u>\$ 685,507</u>	<u>\$ -</u>
	<u>\$ 17,661,626</u>	<u>\$ 17,308,407</u>	<u>\$ (353,219)</u>
Total Budget Revenues	<u>\$ 24,581,470</u>	<u>\$ 24,466,409</u>	<u>\$ (115,061)</u>

BOROUGH OF LODI
CURRENT FUND
SCHEDULE OF BUDGET REVENUES AND OTHER CREDITS TO INCOME (Regulatory Basis)
Year Ended December 31, 2012

	Budget As Modified	Realized	Excess/ (Deficit)
Other Credits to Income:			
Local District School Tax	\$ 38,281,300	\$ 38,281,300	\$ -
County Tax	4,482,775	4,482,775	-
Added County Tax	10,771	10,771	-
County Open Space Tax	51,668	51,668	-
Added County Open Space Tax	140	140	-
Non-Budget Revenues	-	1,342,493	1,342,493
Unexpended Balance of Budget Appropriations	-	48	48
Unexpended Balance of Appropriation Reserves and Encumbrances	-	1,222,532	1,222,532
Interfund Loans Returned	-	-	-
Cancellations and Adjustments	-	-	-
Total Other Credits to Income	<u>\$ 42,826,654</u>	<u>\$ 45,391,727</u>	<u>\$ 2,565,073</u>
Total Revenues and Credits to Income	<u>\$ 67,408,124</u>	<u>\$ 69,858,136</u>	<u>\$ 2,450,012</u>

SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS
Year Ended December 31, 2012

	Appropriated			Expended		Unexpended	
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS WITHIN "CAPS"							
GENERAL GOVERNMENT FUNCTIONS:							
General Administration:							
Salaries and Wages	\$ 250,000	\$ -	\$ 262,000	\$ 253,425	\$ 8,575	\$ -	\$ -
Other Expenses	100,000	-	123,906	123,906	-	-	-
Mayor and Council:							
Salaries and Wages	32,500	-	33,000	32,921	79	-	-
Other Expenses	10,000	-	10,000	2,758	7,242	-	-
Municipal Clerk:							
Salaries and Wages	160,000	-	176,153	176,153	-	-	-
Other Expenses	40,000	-	48,000	29,540	18,460	-	-
Financial Administration:							
Salaries and Wages	290,000	-	250,000	218,469	31,531	-	-
Other Expenses	55,000	-	97,500	77,600	19,900	-	-
Computerized Data Processing:							
Other Expenses	50,000	-	50,000	32,777	17,223	-	-
Audit Services:							
Other Expenses	50,000	-	50,000	42,000	8,000	-	-
Revenue Administration:							
Salaries and Wages	134,000	-	136,347	136,347	-	-	-
Other Expenses	25,000	-	20,000	11,413	8,587	-	-
Tax Assessment Administration:							
Salaries and Wages	81,000	-	81,306	81,306	-	-	-
Other Expenses	50,000	-	35,000	27,938	7,062	-	-
Legal Services:							
Salaries and Wages	65,000	-	65,000	65,000	-	-	-
Other Expenses	200,000	-	200,000	158,722	41,278	-	-
Other Expenses - PVWC Litigation	35,000	-	35,000	-	35,000	-	-
Engineering Services:							
Other Expenses	75,000	-	83,000	79,373	3,627	-	-
LAND USE ADMINISTRATION:							
Planning Board:							
Salaries and Wages	2,000	-	2,000	1,833	167	-	-
Other Expenses	7,500	-	7,500	4,311	3,189	-	-
Zoning Board of Adjustment:							
Salaries and Wages	127,000	-	128,471	128,471	-	-	-
Other Expenses	7,500	-	4,500	2,588	1,912	-	-
Property Maintenance:							
Salaries and Wages	17,000	-	27,000	23,090	3,910	-	-
Other Expenses	7,500	-	7,500	984	6,516	-	-
INSURANCE:							
Liability Insurance	450,000	-	450,000	26,561	423,439	-	-
Worker Compensation Insurance	497,000	-	497,000	482,410	14,590	-	-
Employee Group Insurance	2,041,749	-	2,134,256	2,134,256	-	-	-
Employee Group Insurance - Cash in Lieu	30,000	-	30,000	5,000	25,000	-	-
Unemployment Compensation	30,100	-	30,100	24,006	6,094	-	-

SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS
Year Ended December 31, 2012

	Appropriated			Expended		Unexpended	
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS WITHIN "CAPS" (Continued)							
PUBLIC SAFETY FUNCTIONS:							
Police:							
Salaries and Wages	\$ 5,300,000	\$ -	\$ 5,456,501	\$ 5,456,501	-	\$ -	-
Salaries and Wages - Overtime	75,000	-	-	-	-	-	-
Other Expenses	170,000	-	158,000	133,175	24,825	-	-
Other Expenses - Police Car Lease	50,000	-	50,000	19,544	30,456	-	-
Police Clerical:							
Salaries and Wages	125,000	-	129,115	129,115	-	-	-
Parking Enforcement:							
Salaries and Wages	44,000	-	34,000	29,344	4,656	-	-
Crossing Guards:							
Salaries and Wages	385,000	-	385,000	301,867	83,133	-	-
Other Expenses	10,000	-	10,000	7,314	2,686	-	-
911/Dispatch:							
Salaries and Wages	5,000	-	13,000	11,287	1,713	-	-
Other Expenses	240,000	-	250,000	241,000	9,000	-	-
Office of Emergency Management:							
Salaries and Wages	11,000	50,000	61,000	60,700	300	-	-
Other Expenses	10,000	150,000	160,000	153,371	6,629	-	-
Aid to Volunteer Fire Companies:							
Other Expenses	90,000	-	90,000	34,105	55,895	-	-
Fire Department:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	50,000	-	85,533	85,533	-	-	-
Fire Prevention:							
Salaries and Wages	210,000	-	225,578	225,578	-	-	-
Other Expenses	30,000	-	16,000	6,734	9,266	-	-
Municipal Prosecutor's Office:							
Salaries and Wages	15,000	-	15,000	15,000	-	-	-
PUBLIC WORKS FUNCTIONS:							
Streets and Road Maintenance:							
Salaries and Wages	1,100,000	-	1,175,000	1,115,825	59,175	-	-
Salaries and Wages - Overtime	25,000	-	-	-	-	-	-
Salaries and Wages - Seasonal	70,000	-	-	-	-	-	-
Other Expenses	435,000	-	460,000	341,342	118,658	-	-
DPW Clerical:							
Salaries and Wages - Clerical	57,000	-	63,000	63,000	-	-	-
Sewer Processing and Disposal:							
Other Expenses - Emergency Repairs	50,000	-	37,800	208	37,592	-	-
Shade Tree:							
Other Expenses	20,000	-	20,000	-	20,000	-	-
Solid Waste Collection:							
Other Expenses - Contract (Hauler)	500,000	-	500,000	441,531	58,469	-	-
Vehicle Maintenance:							
Other Expenses	150,000	-	156,000	147,606	8,394	-	-
HEALTH AND HUMAN SERVICES FUNCTIONS:							
Vital Statistics:							
Salaries and Wages	17,000	-	17,690	17,690	-	-	-
Animal Control:							
Other Expenses - Contract	40,000	-	40,000	24,827	15,173	-	-
Health Department:							
Other Expenses - Contract	70,000	-	95,200	90,588	4,612	-	-
Public Health Services:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-
PARK AND RECREATION FUNCTIONS:							
Recreation Services and Programs:							
Salaries and Wages	166,000	-	181,972	181,972	-	-	-
Salaries and Wages - Part Time	70,000	-	70,000	70,000	-	-	-
Other Expenses	155,000	-	150,000	124,367	25,633	-	-
Other Expenses - Referee and Umpire A/C	10,000	-	10,000	10,000	-	-	-
OTHER COMMON OPERATING FUNCTIONS:							
Celebration of Public Events:							
Other Expenses	30,000	-	30,000	26,496	3,504	-	-

SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS
Year Ended December 31, 2012

	Appropriated			Expended		Unexpended	
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS WITHIN "CAPS" (Continued)							
MUNICIPAL COURT:							
Municipal Court Administration:							
Salaries and Wages	\$ 220,000	\$ -	\$ 230,101	\$ 230,101	\$ -	\$ -	\$ -
Other Expenses	20,000	-	20,000	8,049	11,951	-	-
Public Defender:							
Salaries and Wages	15,000	-	15,000	15,000	-	-	-
UNIFORM CONSTRUCTION CODE:							
Code Enforcement and Administration:							
Salaries and Wages	174,000	-	181,000	175,502	5,498	-	-
Other Expenses	20,000	-	13,000	9,704	3,296	-	-
UTILITY EXPENSES AND BULK PURCHASES:							
Electricity	475,000	-	294,349	294,349	-	-	-
Street Lighting	200,000	-	85,160	79,435	5,725	-	-
Telephone	100,000	-	100,000	97,338	2,662	-	-
Water	20,000	-	20,000	18,250	1,750	-	-
Gasoline	170,000	-	170,000	156,280	13,720	-	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:							
Dump Fees	700,000	-	668,500	545,145	123,355	-	-
Recycling Disposal Fees	50,000	-	50,000	31,830	18,170	-	-
Roll-Off Containers	50,000	-	50,000	47,408	2,592	-	-
Reserve for Compensated Absences	-	200,000	200,000	200,000	-	-	-
Total Operations Within "CAPS"	\$ 16,918,849	\$ 400,000	\$ 17,317,038	\$ 15,857,169	\$ 1,459,869	\$ -	\$ -
Detail:							
Salaries and Wages	\$ 9,242,500	\$ 50,000	\$ 9,414,234	\$ 9,215,497	\$ 198,737	\$ -	\$ -
Other Expenses	\$ 7,676,349	\$ 350,000	\$ 7,902,804	\$ 6,641,672	\$ 1,261,132	\$ -	\$ -
DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"							
DEFERRED CHARGES:							
Emergency Authorizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Year Bills							
Florio, Perrucci, et al.	-	-	-	-	-	-	-
STATUTORY EXPENDITURES:							
Social Security System (O.A.S.I.)	420,000	-	420,000	378,719	41,281	-	-
Local Firemen's Pension Fund	15,500	-	17,000	17,000	-	-	-
Public Employees' Retirement System	439,158	-	439,158	439,158	-	-	-
Police and Fireman's Retirement System	1,111,331	-	1,111,331	1,111,331	-	-	-
DCRP	1,000	-	1,000	-	1,000	-	-
Deferred Compensation Contribution	-	-	-	-	-	-	-
Total General Appropriations Within "CAPS"	\$ 18,905,838	\$ 400,000	\$ 19,305,527	\$ 17,803,377	\$ 1,502,150	\$ -	\$ -

SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS
Year Ended December 31, 2012

	Appropriated			Expended		Unexpended	
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
OPERATIONS EXCLUDED FROM "CAPS"							
OTHER APPROPRIATIONS							
EDUCATIONAL FUNCTIONS:							
Municipal Library:							
Other Expenses - Third of a Mil	685,508	-	685,508	685,508	-	-	-
Other Expenses - Health & Rx Benefits	63,000	-	63,000	-	63,000	-	-
UTILITY EXPENSES AND BULK PURCHASES:							
Sewer Processing and Disposal	-	-	-	-	-	-	-
Other Expenses - PVSC	1,550,000	-	1,550,000	1,548,055	1,945	-	-
STATUTORY EXPENDITURES:							
Public Employees' Retirement System	-	-	-	-	-	-	-
Police and Firemen's Retirement System	-	-	-	-	-	-	-
Other Expenses	45,000	-	45,000	-	45,000	-	-
Insurance							
Employee Group Insurance	23,951	-	23,951	23,951	-	-	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS							
Saddle Brook TWP:							
Code Enforcement & Administration	10,000	-	10,000		10,000	-	-
Elmwood Park BORO:							
Health Services (Nursing)	44,900	-	44,900	9	44,891	-	-
Reserve for Tax Appeals	-	-	-	-	-	-	-
	\$ 2,422,359	\$ -	\$ 2,422,359	\$ 2,257,523	\$ 164,836	\$ -	\$ -
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES							
Bergen County Prosecutor's Office - Confisca	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recycling Tonnage Grant	21,900	-	21,900	21,900	-	-	-
Alcohol Education Rehabilitation Fund	54	-	54	54	-	-	-
Drunk Driving Enforcement Fund	3,029	-	3,029	3,029	-	-	-
Clean Communities Program	30,836	-	30,836	30,836	-	-	-
Body Armor Replacement Program	3,908	-	3,908	3,908	-	-	-
Click It or Ticket Program	4,000	-	4,000	4,000	-	-	-
Municipal Alliance - State	-	-	-	-	-	-	-
Municipal Alliance - Local	-	-	-	-	-	-	-
Office of Justice Programs - Federal	-	-	-	-	-	-	-
Office of Justice Programs - Local	-	-	-	-	-	-	-
U.S. Immigration & Customs Enforcement Asset Sharing Progr	-	-	-	-	-	-	-
FEMA Firefighter's Grant - Federal	-	-	-	-	-	-	-
FEMA Firefighter's Grant - Local	-	-	-	-	-	-	-
	\$ 63,727	\$ -	\$ 63,727	\$ 63,727	\$ -	\$ -	\$ -
Total Operations Excluded From "CAPS"	\$ 2,486,086	\$ -	\$ 2,486,086	\$ 2,321,250	\$ 164,836	\$ -	\$ -
Detail:							
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ 2,486,086	\$ -	\$ 2,486,086	\$ 2,321,250	\$ 164,836	\$ -	\$ -
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"							
Capital Improvement Fund	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
Down Payment on Improvements	-	-	-	-	-	-	-
	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -

SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS
Year Ended December 31, 2012

	Appropriated			Expended		Unexpended	
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"							
Bond Principal	\$ 981,000	\$ -	\$ 981,000	\$ 981,000	\$ -	\$ -	\$ -
Bond Interest	121,462	-	121,462	121,462	-	-	-
Payment of Bond Anticipation Notes & Capita	484,000	-	484,000	484,000	-	-	-
Interest on Notes	196,062	-	196,062	196,062	-	-	-
Refunding Bonds - Principal	190,000	-	190,000	190,000	-	-	-
Refunding Bonds - Interest	4,612	-	4,613	4,613	-	-	-
Lodi RailRoad Plaza - Principal	80,000	-	80,000	80,000	-	-	-
Lodi RailRoad Plaza - Interest	101,717	-	101,717	101,717	-	-	-
Interest on Emergency Notes	181	-	181	181	-	-	-
Interest on Special Emergency Note	709	-	709	709	-	-	-
Green Trust Loan Principal - 0231-03-080	11,261	-	11,261	11,261	-	-	-
Green Trust Loan Interest - 0231-03-080	4,145	-	4,145	4,145	-	-	-
Green Trust Loan Principal	32,325	-	32,325	32,325	-	-	-
Green Trust Loan Interest	1,818	-	1,818	1,818	-	-	-
Green Trust Loan Principal	13,258	-	13,258	13,258	-	-	-
Green Trust Loan Interest	1,607	-	1,607	1,607	-	-	-
Green Trust Loan Principal - 0231-95-059	5,965	-	5,965	5,965	-	-	-
Green Trust Loan Interest - 0231-95-059	723	-	723	723	-	-	-
Green Trust Loan Principal - 0231-03-080a	12,059	-	12,059	12,059	-	-	-
Green Trust Loan Interest - 0231-03-080a	3,954	-	3,953	3,953	-	-	-
Green Trust Loan Principal - 0231-05-015	9,090	-	9,090	9,090	-	-	-
Green Trust Loan Interest - 0231-05-015	3,346	-	3,657	3,657	-	-	-
N.J.E.I.T. Loan Principal	8,227	-	8,227	8,227	-	-	-
N.J.E.I.T. Loan Principal	10,000	-	10,000	10,000	-	-	-
N.J.E.I.T. Loan Interest	1,025	-	1,025	977	-	48	-
	<u>\$ 2,278,546</u>		<u>\$ 2,278,857</u>	<u>\$ 2,278,809</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ -</u>
DEFERRED CHARGES							
Emergency Authorizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Authorizations - 1 year	250,000	-	250,000	250,000	-	-	-
Special Emergency Authorizations - 5 Years (436,000	-	436,000	436,000	-	-	-
	<u>\$ 686,000</u>		<u>\$ 686,000</u>	<u>\$ 686,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
JUDGMENTS							
Judgments (N.J.S. 40A:4-45.3c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS
Year Ended December 31, 2012

	Appropriated			Expended		Unexpended	
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
Total General Appropriations - Excluded From "CAPS"	\$ 5,550,632	\$ -	\$ 5,550,943	\$ 5,386,059	\$ 164,836	\$ 48	\$ -
Sub-Total General Appropriations	\$ 24,456,470	\$ 400,000	\$ 24,856,470	\$ 23,189,436	\$ 1,666,986	\$ 48	\$ -
Reserve for Uncollected Taxes	\$ 125,000		\$ 125,000	\$ 125,000	\$ -	\$ -	\$ -
Total General Appropriations	\$ 24,581,470	\$ 400,000	\$ 24,981,470	\$ 23,314,436	\$ 1,666,986	\$ 48	\$ -
Budget as Adopted	\$ 24,581,470	\$ -	\$ 24,581,470				
Added by N.J.S. 40A:4-87 Emergency Appropriations	-	400,000	400,000				
	\$ 24,581,470	\$ 400,000	\$ 24,981,470				
Other Charges to Income:							
Local District School Tax			\$ 38,281,300	\$ 38,281,300			
County Tax			4,482,775	4,482,775			
Added County Tax			10,771	10,771			
County Open Space Tax			51,668	51,668			
Added County Open Space Tax			140	140			
Interfund Advances Originating			-	-			
Refund of Prior Year Revenue			-	481,700			
			\$ 42,826,654	\$ 43,308,354			

BOROUGH OF LODI
GRANT FUND
SCHEDULE OF ASSETS, LIABILITIES AND RESERVES (Regulatory Basis)

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ (10,943)	\$ 40,060
Intergovernmental Receivable:		
Grants Receivable	\$ 235,565	\$ 292,793
Total Assets	<u>\$ 224,622</u>	<u>\$ 332,853</u>
<u>RESERVES</u>		
Other Liabilities and Reserves:		
Appropriated Reserves	\$ 133,517	\$ 273,126
Unappropriated Reserves	91,105	59,727
Total Reserves	<u>\$ 224,622</u>	<u>\$ 332,853</u>

BOROUGH OF LODI
GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2012

Program	Balance December 31, 2011	Revenue Realized	Received	Unappropriated Reserve Applied	Adjustments	Balance December 31, 2012
Federal:						
FEMA Firefighter's Grant	\$ 142,560	\$ -	\$ -	\$ -	\$ -	\$ 142,560
	<u>\$ 142,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,560</u>
State:						
Body Armor Replacement Program	\$ -	\$ 3,908	\$ -	\$ 3,908	\$ -	-
Recycling Tonnage Grant	-	21,900	-	21,900	-	-
Drunk Driving Enforcement Fund	-	3,029	-	3,029	-	-
Clean Communities Program	-	30,836	-	30,836	-	-
Alcohol Education & Rehabilitation Program	-	54	-	54	-	-
Smart Future Grant	45,000	-	-	-	-	45,000
Click It Or Ticket Grant	-	4,000	4,000	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse	21,822	-	3,590	-	(18,232)	-
Bergen County Prosecutor's Office - Confiscated Funds	48,005	-	-	-	-	48,005
Safe Streets to Schools Program	35,406	-	-	-	(35,406)	-
	<u>\$ 150,233</u>	<u>\$ 63,727</u>	<u>\$ 7,590</u>	<u>\$ 59,727</u>	<u>\$ (53,638)</u>	<u>\$ 93,005</u>
Total	<u>\$ 292,793</u>	<u>\$ 63,727</u>	<u>\$ 7,590</u>	<u>\$ 59,727</u>	<u>\$ (53,638)</u>	<u>\$ 235,565</u>

BOROUGH OF LODI
GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2012

Program	Balance December 31, 2011	Amount Budgeted	Paid or Charged	Cancellations & Adjustments	Balance December 31, 2012
Federal:					
FEMA Firefighter's Grant - Local	\$ 323	\$ -	\$ -	\$ (323)	\$ -
U.S. Immigration & Customs Enforcement Asset Sharing Program	50,323	-	20,596	-	29,727
	<u>\$ 50,646</u>	<u>\$ -</u>	<u>\$ 20,596</u>	<u>\$ (323)</u>	<u>\$ 29,727</u>
State:					
Drunk Driving Enforcement Fund	\$ 13,798	\$ 3,029	\$ 2,478	\$ -	\$ 14,349
Clean Communities Program:	26,768	30,836	26,767	-	30,837
Municipal Alliance on Alcoholism and Drug Abuse:					
State Share	25,375	-	7,639	(17,736)	-
Local Share	6,415	-	-	(6,415)	-
Click It Or Ticket Grant	-	4,000	4,000	-	-
Recycling Tonnage Grant	-	21,900	-	-	21,900
Alcohol Education Rehabilitation Program	13,334	54	98	-	13,290
Division of Criminal Justice Body Armor Fund	6,977	3,908	5,688	-	5,197
B.C. Prosecutor Confiscated Funds	48,006	-	29,789	-	18,217
Smart Future Grant	50,000	-	-	(50,000)	-
Safe Streets to Schools Program	31,807	-	-	(31,807)	-
	<u>\$ 222,480</u>	<u>\$ 63,727</u>	<u>\$ 76,459</u>	<u>\$ (105,958)</u>	<u>\$ 103,790</u>
	<u>\$ 273,126</u>	<u>\$ 63,727</u>	<u>\$ 97,055</u>	<u>\$ (106,281)</u>	<u>\$ 133,517</u>

BOROUGH OF LODI
GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2012

Program	Balance December 31, 2011	Amount Budgeted	Amount Received	Adjustments	Balance December 31, 2012
Alcohol Education Rehabilitation Program	\$ 54	\$ 54	\$ 378	\$ -	\$ 378
Drunk Driving Enforcement Fund	3,029	3,029	3,727	-	3,727
Recycling Tonnage Grant	21,900	21,900	27,466	-	27,466
Clean Communities Program	30,836	30,836	30,356	-	30,356
Body Armor Fund	3,908	3,908	4,178	-	4,178
JIF Accreditation Grant	-	-	25,000	-	25,000
	<u>\$ 59,727</u>	<u>\$ 59,727</u>	<u>\$ 91,105</u>	<u>\$ -</u>	<u>\$ 91,105</u>

**BOROUGH OF LODI
TRUST FUND
SCHEDULE OF ASSETS, LIABILITIES AND RESERVES (Regulatory Basis)**

D-1

	Payroll	Dog License	Escrow	Referee & Umpire	Flexible Spending	Other	Employee	Downtown	Route 46	Deferred	Totals	
	Agency Trust	Trust	Deposits	Trust	Trust	Trust	Benefit Trust	Redevelopment Trust	Redevelopment Trust	Compensation Plans	2012	2011
ASSETS												
Cash	\$ -	\$ 6,236	\$ 441,185	\$ 6,465	\$ 433	\$ 1,812,067	\$ 3,978	\$ 26,475	\$ 19,873	\$ -	\$ 2,316,712	\$ 1,173,126
Deferred Compensation Assets:												
Lincoln National Life Insurance Co.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,911	\$ 290,911	\$ 261,700
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,911	\$ 290,911	\$ 261,700
Interfund Receivable:												
Current Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ -	\$ 6,236	\$ 441,185	\$ 6,465	\$ 433	\$ 1,812,067	\$ 3,978	\$ 26,475	\$ 19,873	\$ 290,911	\$ 2,607,623	\$ 1,434,826
LIABILITIES AND RESERVES												
Interfund Payable:												
Current Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Payable:												
State of New Jersey	\$ -	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 11
Other Liabilities and Reserves:												
Net Payroll and Withholdings Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,204
Reserve for Dog Expenditures	-	6,225	-	-	-	-	-	-	-	-	6,225	4,506
Reserve for Developer's Escrow Deposits	-	-	441,185	-	-	-	-	-	-	-	441,185	389,129
Reserve for Employee Benefit Expenditures	-	-	-	-	-	-	3,978	-	-	-	3,978	6,712
Reserve for Fire Department/Code Enforcement Penalty Ex	-	-	-	-	-	70,695	-	-	-	-	70,695	67,377
Reserve for Parking Offenses Adjudication Act Expenditure:	-	-	-	-	-	53,469	-	-	-	-	53,469	50,638
Reserve for Tax Sale Premiums	-	-	-	-	-	1,197,800	-	-	-	-	1,197,800	586,600
Reserve for Outside Police Employment Expenditures	-	-	-	-	-	451,576	-	-	-	-	451,576	5,662
Reserve for April '07 Nor'easter Expenditures	-	-	-	-	-	4,938	-	-	-	-	4,938	4,939
Reserve for Other Miscellaneous Trust Expenditures	-	-	-	-	-	33,589	-	-	-	-	33,589	-
Reserve for Referee & Umpire Expenditures	-	-	-	6,465	-	-	-	-	-	-	6,465	-
Reserve for Flexible Spending Account Expenditures	-	-	-	-	433	-	-	-	-	-	433	-
Reserve for Downtown Redevelopment Expenditures	-	-	-	-	-	-	-	26,475	-	-	26,475	26,475
Reserve for Route 46 Redevelopment Expenditures	-	-	-	-	-	-	-	-	19,873	-	19,873	19,873
Reserve for Deferred Compensation Plan	-	-	-	-	-	-	-	-	-	290,911	290,911	261,700
Total Other Liabilities and Reserves	\$ -	\$ 6,225	\$ 441,185	\$ 6,465	\$ 433	\$ 1,812,067	\$ 3,978	\$ 26,475	\$ 19,873	\$ 290,911	\$ 2,607,612	\$ 1,434,815
Total Liabilities and Reserves	\$ -	\$ 6,236	\$ 441,185	\$ 6,465	\$ 433	\$ 1,812,067	\$ 3,978	\$ 26,475	\$ 19,873	\$ 290,911	\$ 2,607,623	\$ 1,434,826

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE (Regulatory Basis)**

	2012	2011
<u>ASSETS</u>		
Cash:		
Checking Account - #1	\$ -	\$ 857,693
Checking Account - #2	205,447	1,877,537
Community Development Account	11,626	-
	<u>\$ 217,073</u>	<u>\$ 2,735,230</u>
Interfund Receivable:		
Current Fund	\$ 553,534	\$ 2,862
Intergovernmental Receivable:		
State of New Jersey - Department of Transportation	\$ 868,079	\$ 551,694
State of New Jersey - Economic Improvement Authority	-	-
State of New Jersey - Department of Environmental Protection	-	-
State of New Jersey - Department of Community Affairs	13,500	13,500
Bergen County Open Space	-	-
Bergen County Community Development	635,158	883,957
	<u>\$ 1,516,737</u>	<u>\$ 1,449,151</u>
Deferred Charges:		
Funded	\$ 3,309,442	\$ 4,392,627
Unfunded	20,648,762	18,489,762
	<u>\$ 23,958,204</u>	<u>\$ 22,882,389</u>
Total Assets	<u>\$ 26,245,548</u>	<u>\$ 27,069,632</u>
<u>LIABILITIES AND RESERVES</u>		
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 145,630	\$ 201,245
Reserve for N.J. Department of Transportation Grants Receivable	121,694	121,694
Reserve for Community Development Block Grants Receivable	82,373	82,373
Reserve for Payment of Debt Service	904,782	693,156
	<u>\$ 1,254,479</u>	<u>\$ 1,098,468</u>
Improvement Authorizations:		
Funded	\$ 796,309	\$ 1,015,895
Unfunded	3,017,295	2,580,732
	<u>\$ 3,813,604</u>	<u>\$ 3,596,627</u>
Serial Bonds Payable	<u>\$ 2,575,000</u>	<u>\$ 3,556,000</u>
Loans Payable	<u>\$ 734,442</u>	<u>\$ 836,627</u>
Bond Anticipation Notes Payable	<u>\$ 17,735,762</u>	<u>\$ 17,849,762</u>
Fund Balance	<u>\$ 132,261</u>	<u>\$ 132,148</u>
Total Liabilities and Reserves	<u>\$ 26,245,548</u>	<u>\$ 27,069,632</u>

BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2012

Improvement Description	Balance December 31, 2011	Improvement Authorized	Cash Received	Cancellations & Adjustments	Balance December 31, 2012
State:					
State of N.J. Department of Transportation	\$ 551,694	\$ 316,385	\$ -	\$ -	\$ 868,079
State of N.J. Department of Consumer Affairs	13,500	-	-	-	13,500
County:					
Bergen County Community Development	883,957	-	(248,799)	-	635,158
Total Grants Receivable	\$ 1,449,151	\$ 316,385	\$ (248,799)	\$ -	\$ 1,516,737

BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
Year Ended December 31, 2012

Improvement Description	Balance December 31, 2011	Authorized	Notes Paid by Budget Appropriation	Deferred Charges Paid by Budget Appropriation	Adjustments	Analysis of December 31, 2012 Balance			
						Balance December 31, 2012	Financed by B&Ns	B&N Authorized	Deficit Cash Balance
#201-11 Downtown Redevelopment - Phase I (Soft Costs)	\$ 356,000	\$ -	\$ 17,000	\$ -	\$ -	\$ 339,000	\$ 339,000	\$ -	\$ -
#202-23 Route 46 Redevelopment - Phase I	67,000	-	4,000	-	-	63,000	63,000	-	-
#202-27 Downtown Redevelopment - Phase I (Soft Costs)	174,500	-	9,000	-	-	165,500	165,500	-	-
#404-05 Route 46 Redevelopment - Phase I (Supplemental)	117,500	-	5,000	-	-	112,500	112,500	-	-
#404-06 Downtown Redevelopment - Phase I (Supplemental #2)	192,500	-	9,000	-	-	183,500	183,500	-	-
#505-19 Downtown Redevelopment - Phase III	522,000	-	12,000	-	-	510,000	510,000	-	-
#505-20 Downtown Redevelopment - Phase IV	898,000	-	13,000	-	-	885,000	885,000	-	-
#606-02 SFY 2006 Road, Curb and Sidewalk Improvement Program (Local)	316,000	-	53,000	-	-	263,000	263,000	-	-
#606-03 SFY 2006 Road, Curb and Sidewalk Improvement Program (CD)	49,500	-	4,000	-	-	45,500	45,500	-	-
#606-04 SFY 2006 Shade Tree Program	1,700	-	1,000	-	-	700	700	-	-
#606-05 Acquisition of Ambulance	40,300	-	7,000	-	-	33,300	33,300	-	-
#606-10 Improvement of Charles Street - Section II	66,500	-	5,000	-	-	61,500	61,500	-	-
#606-11 Removal of Underground Storage Tanks	83,000	-	4,000	-	-	79,000	79,000	-	-
#606-14 Improvements to Municipal Facilities	83,000	-	4,000	-	-	79,000	79,000	-	-
#606-15 Improvements to Kennedy Park	425,000	-	25,000	-	-	400,000	400,000	-	-
#707-02 SFY 2007 Road, Curb and Sidewalk Improvement Program (CD)	21,800	-	2,000	-	-	19,800	19,800	-	-
#707-03 Improvement of Garibaldi Avenue	11,600	-	1,000	-	-	10,600	10,600	-	-
#707-04 SFY 2007 Road, Curb and Sidewalk Improvement Program (Local)	425,000	-	25,000	-	-	400,000	400,000	-	-
#707-05 Improvements to Municipal Facilities	88,400	-	4,000	-	-	84,400	84,400	-	-
#707-06 Downtown Redevelopment - Phase I (Supplemental)	221,100	-	9,000	-	-	212,100	212,100	-	-
#707-11 Acquisition of New Aerial Platform Fire Engine w/Original Equipment	1,275,000	-	75,000	-	-	1,200,000	1,200,000	-	-
#808-03 Downtown Redevelopment - Phase I (Supplemental)	229,300	-	9,000	-	-	220,300	220,300	-	-
#808-04 SFY 2008 Road, Curb and Sidewalk Improvement Program (Local)	450,000	-	25,000	-	-	425,000	425,000	-	-
#808-05 Improvements to Municipal Facilities	91,700	-	4,000	-	-	87,700	87,700	-	-
#808-06 Computer System Upgrades	131,500	-	11,000	-	-	120,500	120,500	-	-
#808-07 Sanitary Sewer System Improvements	187,500	-	3,000	-	-	184,500	184,500	-	-
#808-08 SFY 2008 Road, Curb and Sidewalk Improvement Program (State)	208,000	-	12,000	-	-	196,000	196,000	-	-
#808-09 Downtown Redevelopment - Phase III (Supplemental)	93,000	-	2,000	-	-	91,000	91,000	-	-
#808-10 SFY 2008 Road, Curb and Sidewalk Improvement Program (CD)	76,650	-	5,000	-	-	71,650	71,650	-	-
#808-24 Acquisition of New Street Sweeper	168,000	-	22,000	-	-	146,000	146,000	-	-
#909-11 Improvements to Sanitary Sewer System	475,000	-	7,000	-	-	468,000	468,000	-	-
#909-12 Downtown Redevelopment - Phase V	6,000,000	-	80,000	-	-	5,920,000	5,920,000	-	-
#909-13 Roof Improvements to Various Municipal Facilities	1,710,000	-	59,000	-	-	1,651,000	1,651,000	-	-
#909-14 SFY 2009 Road, Curb & Sidewalk Program (Community Development)	88,712	-	5,000	-	-	83,712	83,712	-	-
#909-15 SFY 2009 Road, Curb & Sidewalk Program (Local)	237,500	-	13,000	-	-	224,500	224,500	-	-
#909-16 Downtown Redevelopment - Phase 1 (Supplemental)	237,500	-	9,000	-	-	228,500	228,500	-	-
#909-19 Improvements to Various Municipal Facilities	95,000	-	4,000	-	-	91,000	91,000	-	-
#909-20 SFY 2009 Road, Curb & Sidewalk Program (State)	100,000	-	6,000	-	-	94,000	94,000	-	-
#2010-03 Improvements to Various Municipal Facilities	95,000	-	-	-	-	95,000	95,000	-	-
#2010-04 Improvements to Sanitary Sewer System	190,000	-	-	-	-	190,000	190,000	-	-
#2010-05 2009 Road, Curb & Sidewalk Program (Local)	95,000	-	-	-	-	95,000	95,000	-	-
#2010-06 2009 Road, Curb & Sidewalk Program (State)	50,000	-	-	-	-	50,000	50,000	-	-
#2010-07 2009 Road, Curb & Sidewalk Program (Community Development)	90,000	-	-	-	-	90,000	90,000	-	-
#2010-12 Refunding Bond Ordinance	615,000	-	190,000	-	-	425,000	425,000	-	-
#2010-28 Improvements to Sanitary Sewer System	425,000	-	-	-	-	425,000	425,000	-	-
#2010-29 Improvements to Various Municipal Facilities	95,000	-	-	-	-	95,000	95,000	-	-
#2010-30 2010 Road, Curb & Sidewalk Program (Community Development)	85,000	-	-	-	-	85,000	85,000	-	-
#2010-31 Acquisition of Various Equipment, Machinery & Vehicles	95,000	-	-	-	-	95,000	95,000	-	-
#2011-07 Improvements to Various Municipal Facilities	95,000	-	-	-	-	95,000	95,000	-	-
#2011-08 CY2011 Road Improvement Program (Community Development)	90,000	-	-	-	-	90,000	90,000	-	-
#2011-09 CY2011 Road Improvement Program (NJDOT)	30,000	-	-	-	-	30,000	30,000	-	-
#2011-10 Acquisition of Vehicles	95,000	-	-	-	-	95,000	95,000	-	-
#2011-11 Acquisition of Equipment	95,000	-	-	-	-	95,000	95,000	-	-
#2011-12 Improvements to Sanitary Sewer System	235,000	-	-	-	-	235,000	235,000	-	-
#2012-06 H.S. Turf Athletic Field	-	1,900,000	-	-	-	1,900,000	-	1,900,000	-
#2012-09 Improvements to Various Municipal Facilities	-	235,000	-	-	-	235,000	-	235,000	-
#2012-10 Acquisition of Vehicles	-	95,000	-	-	-	95,000	-	95,000	-
#2012-11 Acquisition of Machinery & Equipment	-	95,000	-	-	-	95,000	-	95,000	-
#2012-12 Church Street Resurfacing - DOT	-	68,000	-	-	-	68,000	-	68,000	-
#2012-14 Road, Curb & Sidewalk Program - 2012 - Local	-	285,000	-	-	-	285,000	-	285,000	-
#2012-15 Improvement to Various Sanitary Sewer Lines	-	235,000	-	-	-	235,000	-	235,000	-
	\$ 18,489,762	\$ 2,913,000	\$ 754,000	\$ -	\$ -	\$ 20,648,762	\$ 17,735,762	\$ 2,913,000	\$ -

BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2012

Improvement Description	Ordinance Date	Amount	Balance December 31, 2011		Authorized in 2012				Balance December 31, 2012		
			Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	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	17,462	-	-	-	-	5,001	-	12,461	-
#404-05 Route 46 Redevelopment - Phase I (Supplemental)	08/26/03	150,000	-	41,930	-	-	-	6,412	-	-	35,518
#505-19 Downtown Redevelopment - Phase III	04/25/05	600,000	-	1,841	-	-	-	115	-	-	1,726
#505-24 Improvement of Memorial Park (Supplemental)	06/24/05	100,000	-	41,567	-	-	-	24,269	-	-	17,298
#707-02 SFY 2007 Road, Curb and Sidewalk Improvement Program (CD)	10/10/06	350,000	-	1,485	-	-	-	229	-	-	1,256
#707-04 SFY 2007 Road, Curb and Sidewalk Improvement Program (Local)	10/10/06	500,000	-	1,127	-	-	-	458	-	-	669
#808-04 SFY 2008 Road, Curb and Sidewalk Improvement Program (Local)	08/20/07	500,000	-	59,988	-	-	-	8,277	-	-	51,711
#808-08 SFY 2008 Road, Curb and Sidewalk Improvement Program (State)	10/15/07	350,000	-	27,172	-	-	-	9,455	-	-	17,717
#808-09 Downtown Redevelopment - Phase III (Supplemental)	10/15/07	100,000	-	1,660	-	-	-	916	-	-	744
#808-10 SFY 2008 Road, Curb and Sidewalk Improvement Program (CD)	10/15/07	500,000	-	77,111	-	-	-	77,111	-	-	-
#808-24 Acquisition of New Street Sweeper	02/11/08	200,000	-	8,698	-	-	-	-	-	-	8,698
#909-11 Improvements to Sanitary Sewer System	03/26/09	500,000	-	9,902	-	-	-	229	-	-	9,673
#909-13 Roof Improvements to Various Municipal Facilities	03/26/09	1,800,000	-	643,657	-	-	-	627,592	-	-	16,065
#909-14 SFY 2009 Road, Curb & Sidewalk Program (Community Development)	03/26/09	450,000	13,937	88,712	-	-	-	95,803	-	-	6,846
#909-15 SFY 2009 Road, Curb & Sidewalk Program (Local)	03/26/09	250,000	5,754	237,500	-	-	-	115,431	-	-	127,823
#909-20 SFY 2009 Road, Curb & Sidewalk Program (State)	03/26/09	250,000	111,815	100,000	-	-	-	229	-	111,586	100,000
#2010-04 Improvements to Sanitary Sewer System	08/17/09	200,000	-	8,685	-	-	-	114	-	-	8,571
#2010-05 2009 Road, Curb & Sidewalk Program (Local)	08/17/09	100,000	-	47,247	-	-	-	288	-	-	46,959
#2010-06 2009 Road, Curb & Sidewalk Program (State)	08/17/09	200,000	148,685	50,000	-	-	-	115	-	148,570	50,000
#2010-07 2009 Road, Curb & Sidewalk Program (Community Development)	08/17/09	400,000	57,516	90,000	-	-	-	131,094	-	-	16,422
#2010-12 Refunding Bond Ordinance	10/20/09	820,000	-	19,906	-	-	-	676	-	-	19,230
#2010-28 Improvements to Sanitary Sewer System	08/16/10	450,000	-	237,000	-	-	-	101,815	-	-	135,185
#2010-29 Improvements to Various Municipal Facilities	08/16/10	100,000	-	54,674	-	-	-	54,210	-	-	464
#2010-30 2010 Road, Curb & Sidewalk Program (Community Development)	08/16/10	450,000	144,294	85,000	-	-	-	140,350	-	3,944	85,000
#2010-31 Acquisition of Various Equipment, Machinery & Vehicles	08/16/10	100,000	-	87,579	-	-	-	32,984	-	-	54,595
#2011-07 Improvements to Various Municipal Facilities	08/16/11	100,000	4,069	95,000	-	-	-	-	-	4,069	95,000
#2011-08 CY2011 Road Improvement Program (Community Development)	08/16/11	450,000	359,069	90,000	-	-	-	340,395	-	18,674	90,000
#2011-09 CY2011 Road Improvement Program (NJDOT)	08/16/11	180,000	149,069	30,000	-	-	-	1,365	-	147,704	30,000
#2011-10 Acquisition of Vehicles	08/16/11	100,000	4,069	95,000	-	-	-	41,115	-	-	57,954
#2011-11 Acquisition of Equipment	08/16/11	100,000	-	16,847	-	-	-	11,464	-	-	5,383
#2011-12 Improvements to Sanitary Sewer System	08/16/11	250,000	-	231,444	-	-	-	114	-	-	231,330
#2012-06 H.S. Turf Athletic Field	05/15/12	2,000,000	-	-	100,000	1,900,000	-	1,261,796	-	-	738,204
#2012-09 Improvements to Various Municipal Facilities	06/20/12	250,000	-	-	15,000	235,000	-	70,746	-	-	179,254
#2012-10 Acquisition of Vehicles	06/20/12	100,000	-	-	5,000	95,000	-	1,571	-	3,429	95,000
#2012-11 Acquisition of Machinery & Equipment	06/20/12	100,000	-	-	5,000	95,000	-	1,571	-	3,429	95,000
#2012-12 Church Street Resurfacing - DOT	06/20/12	385,000	-	-	615	68,000	316,385	1,571	-	315,429	68,000
#2012-14 Road, Curb & Sidewalk Program - 2012 - Local	06/20/12	300,000	-	-	15,000	285,000	-	1,571	-	13,429	285,000
#2012-15 Improvement to Various Sanitary Sewer Lines	06/20/12	250,000	-	-	15,000	235,000	-	1,571	-	13,429	235,000
			\$ 1,015,895	\$ 2,580,732	\$ 155,615	\$ 2,913,000	\$ 316,385	\$ 3,168,023	\$ -	\$ 796,309	\$ 3,017,295

BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
Year Ended December 31, 2012

<u>Date of Issue - Purpose</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Balance December 31, 2011</u>	<u>Issued</u>	<u>Paid by Budget Appropriation</u>	<u>Balance December 31, 2012</u>
04/15/99 General Improvement Bonds	4.318%	5,431,000	\$ 531,000	\$ -	\$ 531,000	\$ -
06/15/05 General Improvement Bonds	Various	3,550,000	3,025,000	-	450,000	2,575,000
			<u>\$ 3,556,000</u>	<u>\$ -</u>	<u>\$ 981,000</u>	<u>\$ 2,575,000</u>

BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
Year Ended December 31, 2012

Date of Issue - Purpose	Interest Rate	Amount of Issue	Balance December 31, 2011	Issued	Paid by Budget Appropriation	Balance December 31, 2012
Environmental Infrastructure Trust	2.00%	\$ 140,650	\$ 36,080	\$ -	\$ 18,227	\$ 17,853
04/08/98 Green Trust Loan (Memorial and Kennedy Parks)	2.00%	490,000	98,940	-	32,325	66,615
02/28/98 Green Trust Loan (Saddle River Park Acquisition)	2.00%	234,007	83,652	-	13,258	70,394
09/21/98 Green Trust Loan (Saddle River Park Development)	2.00%	103,000	37,638	-	5,965	31,673
10/15/07 Green Trust Loan (Kennedy Park Improvements)	2.00%	200,000	169,570	-	9,090	160,480
08/27/09 Green Trust Loan (Memorial Park Improvements)	2.00%	231,929	210,068	-	11,261	198,807
06/05/06 Green Trust Loan (Memorial Park Improvements)	2.00%	257,500	200,679	-	12,059	188,620
			<u>\$ 836,627</u>	<u>\$ -</u>	<u>\$ 102,185</u>	<u>\$ 734,442</u>

**BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
Year Ended December 31, 2012**

Improvement Description	Amount of Original Note	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2011	Increased by		Decreased by			Balance December 31, 2012
							New Cash	Renewal	Budget Appropriation Paydown	Renewal	Grant Received	
No. 12-1R												
#201-11 Downtown Redevelopment - Phase I (Soft Costs)	475,000	6/28/2002	1/13/2012	1/11/2013	1.500%	\$ 356,000	\$ -	\$ 339,000	\$ 17,000	\$ 339,000	\$ -	\$ 339,000
#202-23 Route 46 Redevelopment - Phase I	95,000	7/22/2002	1/13/2012	1/11/2013	1.500%	67,000	-	63,000	4,000	63,000	-	63,000
#202-27 Downtown Redevelopment - Phase I (Soft Costs)	237,500	7/22/2002	1/13/2012	1/11/2013	1.500%	174,500	-	165,500	9,000	165,500	-	165,500
#404-05 Route 46 Redevelopment - Phase I (Supplemental)	142,500	6/25/2004	1/13/2012	1/11/2013	1.500%	117,500	-	112,500	5,000	112,500	-	112,500
#404-06 Downtown Redevelopment - Phase I (Supplemental)	237,500	6/25/2004	1/13/2012	1/11/2013	1.500%	192,500	-	183,500	9,000	183,500	-	183,500
#505-19 Downtown Redevelopment - Phase III	570,000	6/3/2005	1/13/2012	1/11/2013	1.500%	522,000	-	510,000	12,000	510,000	-	510,000
#505-20 Downtown Redevelopment - Phase IV	600,000	6/3/2005	1/13/2012	1/11/2013	1.500%	898,000	-	885,000	13,000	885,000	-	885,000
#606-02 SFY 2006 Road, Curb and Sidewalk Improvement Program (Local)	475,000	4/26/2006	1/13/2012	1/11/2013	1.500%	316,000	-	263,000	53,000	263,000	-	263,000
#606-03 SFY 2006 Road, Curb and Sidewalk Improvement Program (CD)	60,000	4/26/2006	1/13/2012	1/11/2013	1.500%	49,500	-	45,500	4,000	45,500	-	45,500
#606-04 SFY 2006 Shade Tree Program	2,000	4/26/2006	1/13/2012	1/11/2013	1.500%	1,700	-	700	1,000	700	-	700
#606-05 Acquisition of Ambulance	61,000	4/26/2006	1/13/2012	1/11/2013	1.500%	40,300	-	33,300	7,000	33,300	-	33,300
#606-10 Improvement of Charles Street - Section II	80,000	4/26/2006	1/13/2012	1/11/2013	1.500%	66,500	-	61,500	5,000	61,500	-	61,500
#606-11 Removal of Underground Storage Tanks	95,000	4/26/2006	1/13/2012	1/11/2013	1.500%	83,000	-	79,000	4,000	79,000	-	79,000
#606-14 Improvements to Municipal Facilities	95,000	4/26/2006	1/13/2012	1/11/2013	1.500%	83,000	-	79,000	4,000	79,000	-	79,000
#606-15 Improvements to Kennedy Park	700,000	4/26/2006	1/13/2012	1/11/2013	1.500%	425,000	-	400,000	25,000	400,000	-	400,000
#707-02 SFY 2007 Road, Curb and Sidewalk Improvement Program (CD)	24,400	1/19/2007	1/13/2012	1/11/2013	1.500%	21,800	-	19,800	2,000	19,800	-	19,800
#707-03 Improvement of Garibaldi Avenue	13,000	1/19/2007	1/13/2012	1/11/2013	1.500%	11,600	-	10,600	1,000	10,600	-	10,600
#707-04 SFY 2007 Road, Curb and Sidewalk Improvement Program (Local)	475,000	1/19/2007	1/13/2012	1/11/2013	1.500%	425,000	-	400,000	25,000	400,000	-	400,000
#707-05 Improvements to Municipal Facilities	95,000	1/19/2007	1/13/2012	1/11/2013	1.500%	84,400	-	84,400	4,000	84,400	-	84,400
#707-06 Downtown Redevelopment - Phase I (Supplemental)	237,500	1/19/2007	1/13/2012	1/11/2013	1.500%	221,100	-	212,100	9,000	212,100	-	212,100
#707-11 Acquisition of New Aerial Platform Fire Engine w/Original Equiper	1,425,000	1/19/2007	1/13/2012	1/11/2013	1.500%	1,275,000	-	1,200,000	75,000	1,200,000	-	1,200,000
#808-03 Downtown Redevelopment - Phase I (Supplemental)	237,500	1/18/2008	1/13/2012	1/11/2013	1.500%	229,300	-	220,300	9,000	220,300	-	220,300
#808-04 SFY 2008 Road, Curb and Sidewalk Improvement Program (Local)	475,000	1/18/2008	1/13/2012	1/11/2013	1.500%	450,000	-	425,000	25,000	425,000	-	425,000
#808-05 Improvements to Municipal Facilities	95,000	1/18/2008	1/13/2012	1/11/2013	1.500%	91,700	-	87,700	4,000	87,700	-	87,700
#808-06 Computer System Upgrades	142,500	1/18/2008	1/13/2012	1/11/2013	1.500%	131,500	-	120,500	11,000	120,500	-	120,500
#808-07 Sanitary Sewer System Improvements	190,000	1/18/2008	1/13/2012	1/11/2013	1.500%	187,500	-	184,500	3,000	184,500	-	184,500
#808-08 SFY 2008 Road, Curb and Sidewalk Improvement Program (State)	220,000	1/18/2008	1/13/2012	1/11/2013	1.500%	208,000	-	196,000	12,000	196,000	-	196,000
#808-09 Downtown Redevelopment - Phase III (Supplemental)	95,000	1/18/2008	1/13/2012	1/11/2013	1.500%	93,000	-	91,000	2,000	91,000	-	91,000
#808-10 SFY 2008 Road, Curb and Sidewalk Improvement Program (CD)	80,950	1/18/2008	1/13/2012	1/11/2013	1.500%	76,650	-	71,650	5,000	71,650	-	71,650
#808-24 Acquisition of New Street Sweeper	190,000	3/26/2008	1/13/2012	1/11/2013	1.500%	168,000	-	146,000	22,000	146,000	-	146,000
#909-11 Improvements to Sanitary Sewer System	475,000	3/26/2009	1/13/2012	1/11/2013	1.500%	475,000	-	468,000	7,000	468,000	-	468,000
#909-13 Road Improvements to Various Municipal Facilities	1,710,000	3/26/2009	1/13/2012	1/11/2013	1.500%	1,710,000	-	1,651,000	59,000	1,651,000	-	1,651,000
#909-14 SFY 2009 Road, Curb & Sidewalk Program (Community Developm	88,712	3/26/2009	1/13/2012	1/11/2013	1.500%	88,712	-	83,712	5,000	83,712	-	83,712
#909-15 SFY 2009 Road, Curb & Sidewalk Program (Local)	237,500	3/26/2009	1/13/2012	1/11/2013	1.500%	237,500	-	224,500	13,000	224,500	-	224,500
#909-16 Downtown Redevelopment - Phase 1 (Supplemental)	237,500	3/26/2009	1/13/2012	1/11/2013	1.500%	237,500	-	228,500	9,000	228,500	-	228,500
#909-19 Improvements to Various Municipal Facilities	95,000	3/26/2009	1/13/2012	1/11/2013	1.500%	95,000	-	91,000	4,000	91,000	-	91,000
#909-20 SFY 2009 Road, Curb & Sidewalk Program (State)	100,000	3/26/2009	1/13/2012	1/11/2013	1.500%	100,000	-	94,000	6,000	94,000	-	94,000
#2010-03 Improvements to Various Municipal Facilities	95,000	1/15/2010	1/13/2012	1/11/2013	1.500%	95,000	-	95,000	-	95,000	-	95,000
#2010-04 Improvements to Sanitary Sewer System	190,000	1/15/2010	1/13/2012	1/11/2013	1.500%	190,000	-	190,000	-	190,000	-	190,000
#2010-05 2009 Road, Curb & Sidewalk Program (Local)	95,000	1/15/2010	1/13/2012	1/11/2013	1.500%	95,000	-	95,000	-	95,000	-	95,000
#2010-06 2009 Road, Curb & Sidewalk Program (State)	50,000	1/15/2010	1/13/2012	1/11/2013	1.500%	50,000	-	50,000	-	50,000	-	50,000
#2010-07 2009 Road, Curb & Sidewalk Program (Community Development)	90,000	1/15/2010	1/13/2012	1/11/2013	1.500%	90,000	-	90,000	-	90,000	-	90,000
#2010-28 Improvements to Sanitary Sewer System	425,000	1/14/2011	1/13/2012	1/11/2013	1.500%	425,000	-	425,000	-	425,000	-	425,000
#2010-29 Improvements to Various Municipal Facilities	95,000	1/14/2011	1/13/2012	1/11/2013	1.500%	95,000	-	95,000	-	95,000	-	95,000
#2010-30 2010 Road, Curb & Sidewalk Program (Community Development)	85,000	1/14/2011	1/13/2012	1/11/2013	1.500%	85,000	-	85,000	-	85,000	-	85,000
#2010-31 Acquisition of Various Equipment, Machinery & Vehicles	95,000	1/14/2011	1/13/2012	1/11/2013	1.500%	95,000	-	95,000	-	95,000	-	95,000
#2011-07 Improvements to Various Municipal Facilities	95,000	1/13/2012	1/13/2012	1/11/2013	1.500%	-	95,000	-	-	-	-	95,000
#2011-08 CY2011 Road Improvement Program (Community Development)	90,000	1/13/2012	1/13/2012	1/11/2013	1.500%	-	90,000	-	-	-	-	90,000
#2011-09 CY2011 Road Improvement Program (NJDOT)	30,000	1/13/2012	1/13/2012	1/11/2013	1.500%	-	30,000	-	-	-	-	30,000
#2011-10 Acquisition of Vehicles	95,000	1/13/2012	1/13/2012	1/11/2013	1.500%	-	95,000	-	-	-	-	95,000
#2011-11 Acquisition of Equipment	95,000	1/13/2012	1/13/2012	1/11/2013	1.500%	-	95,000	-	-	-	-	95,000
#2011-12 Improvements to Sanitary Sewer System	235,000	1/13/2012	1/13/2012	1/11/2013	1.500%	-	235,000	-	-	-	-	235,000
						\$ 11,234,762	\$ 640,000	\$ 10,750,762	\$ 484,000	\$ 10,750,762	\$ -	\$ 11,390,762
No. 12-2R												
#909-12 Downtown Redevelopment - Phase V	\$ 6,000,000	5/29/2009	5/25/2012	5/24/2013	0.950%	\$ 6,000,000	\$ -	\$ 5,920,000	\$ 80,000	\$ 5,920,000	\$ -	\$ 5,920,000
No. 12-3 R												
#2010-12 Refunding Bond Ordinance	\$ 820,000	12/23/2009	12/14/2012	12/13/2013	0.750%	\$ 615,000	\$ -	\$ 425,000	\$ 190,000	\$ 425,000	\$ -	\$ 425,000
						\$ 17,849,762	\$ 640,000	\$ 17,095,762	\$ 754,000	\$ 17,095,762	\$ -	\$ 17,735,762

BOROUGH OF LODI
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
Year Ended December 31, 2012

E-8

Improvement Description	Balance December 31, 2011	Authorized	BANs Issued	Cancelled	Decreased	Balance December 31, 2012
#2011-07 Improvements to Various Municipal Facilities	\$ 95,000	\$ -	\$ 95,000	\$ -	\$ -	\$ -
#2011-08 CY2011 Road Improvement Program (Community Development)	90,000	-	90,000	-	-	-
#2011-09 CY2011 Road Improvement Program (NJDOT)	30,000	-	30,000	-	-	-
#2011-10 Acquisition of Vehicles	95,000	-	95,000	-	-	-
#2011-11 Acquisition of Equipment	95,000	-	95,000	-	-	-
#2011-12 Improvements to Sanitary Sewer System	235,000	-	235,000	-	-	-
#2012-06 H.S. Turf Athletic Field	-	1,900,000	-	-	-	1,900,000
#2012-09 Improvements to Various Municipal Facilities	-	235,000	-	-	-	235,000
#2012-10 Acquisition of Vehicles	-	95,000	-	-	-	95,000
#2012-11 Acquisition of Machinery & Equipment	-	95,000	-	-	-	95,000
#2012-12 Church Street Resurfacing - DOT	-	68,000	-	-	-	68,000
#2012-14 Road, Curb & Sidewalk Program - 2012 - Local	-	285,000	-	-	-	285,000
#2012-15 Improvement to Various Sanitary Sewer Lines	-	235,000	-	-	-	235,000
	<u>\$ 640,000</u>	<u>\$ 2,913,000</u>	<u>\$ 640,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,913,000</u>

BOROUGH OF LODI
GENERAL FIXED ASSET ACCOUNT GROUP
SCHEDULE OF ASSETS AND RESERVES (Regulatory Basis)
Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Land	\$ 11,179,200	\$ 11,179,200
Land Improvements	344,800	344,800
Buildings	6,185,450	6,185,450
Machinery and Equipment	5,503,607	5,503,607
Underground Equipment	21,475	21,475
	<u>\$ 23,234,532</u>	<u>\$ 23,234,532</u>
<u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 23,234,532</u>	<u>\$ 23,234,532</u>

BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

Statistical Section

BOROUGH OF LODI
Adopted Budgets
(Unaudited)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>TY 2009</u>
<u>CURRENT FUND</u>				
<u>REVENUES</u>				
Fund Balance	\$ 1,036,000	\$ 1,600,000	\$ 1,600,000	\$ 56,119
Miscellaneous Revenues	5,883,843	6,069,107	5,995,297	3,967,262
Receipts From Delinquent Taxes	-	-	310,000	-
Amount to be Raised by Taxation - Local	16,976,119	16,826,241	17,251,268	8,187,475
Amount to be Raised by Taxation - Library	685,508	732,780	-	-
Total Revenues	<u>\$ 24,581,470</u>	<u>\$ 25,228,128</u>	<u>\$ 25,156,565</u>	<u>\$ 12,210,856</u>
<u>APPROPRIATIONS</u>				
Within "CAPS":				
Operations:				
Salaries and Wages	\$ 9,272,500	\$ 9,888,500	\$ 9,546,200	\$ 4,708,071
Other Expenses	7,646,349	7,617,298	7,474,860	5,238,852
Deferred Charges and Statutory Expenditures	1,986,989	2,124,573	1,753,561	382,500
Excluded From "CAPS":				
Operations:				
Salaries and Wages	-	-	-	-
Other Expenses	2,486,086	3,189,530	3,500,267	1,456,661
Capital Improvements	100,000	100,000	100,000	100,000
Municipal Debt Service	2,278,546	2,208,227	2,181,677	174,421
Deferred Charges	686,000	-	-	-
Judgments	-	-	-	12,500
Reserve for Uncollected Taxes	125,000	100,000	600,000	137,851
Total Appropriations	<u>\$ 24,581,470</u>	<u>\$ 25,228,128</u>	<u>\$ 25,156,565</u>	<u>\$ 12,210,856</u>

Note: Data for years SFY2004 thru SFY 2009 not available.

BOROUGH OF LODI
Ten Largest Taxpayers by Assessment
(Unaudited)

Taxpayer	2012 Assessed Valuation	As a Percent of Total 2012 Net Valuations \$ 1,949,274,044
1. Cedar Wright Gardens (8 Properties)	\$ 36,652,800	1.88%
2. Vornado Realty Trust (2 Properties)	20,879,700	1.07%
3. Parker Properties c/o The Home Depot (3 Properties)	16,266,600	0.83%
4. Rothman, Leonard & Mildred (2 Properties)	13,154,700	0.67%
5. Vornado Lodi Delaware LLC (3 Properties)	12,415,400	0.64%
6. Lodi Market, LLC	11,345,700	0.58%
7. Kmart Corp. Tax Department	10,973,400	0.56%
8. 240 Associates c/o David F. Bolger	8,000,000	0.41%
9. Vista Garden Associates, LLC (2 Properties)	7,790,900	0.40%
10. McCain Ellio's Foods, Inc.	7,280,500	0.37%
	\$ 144,759,700	

BOROUGH OF LODI
Tax Levy and Collection Data
(Unaudited)

	2012	2011	2010	TY 2009	SFY 2009	SFY 2008	SFY 2007	SFY 2006	SFY 2005	SFY 2004
Total Tax Levy	\$ 60,242,368	\$ 59,702,675	\$ 57,473,612	\$ 27,708,519	\$ 55,266,054	\$ 54,494,788	\$ 52,015,213	\$ 48,665,837	\$ 45,409,146	\$ 41,238,496
Current Tax Collections	\$ 60,010,062	\$ 59,580,463	\$ 57,394,145	\$ 26,967,075	\$ 55,120,268	\$ 54,240,351	\$ 51,881,507	\$ 48,531,380	\$ 45,292,674	\$ 41,152,362
Percent of Tax Levy Collected	99.61%	99.80%	99.86%	97.32%	99.74%	99.53%	99.74%	99.72%	99.74%	99.79%

BOROUGH OF LODI
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		94.92%		88.93%		82.53%		78.78%		80.78%
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		1.22%		1.28%		1.30%		1.33%		1.34%
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
Assessed and County Equalized
Valuation Data
(Unaudited)

Description	2007		2006		2005		2004**		2003	
	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value	# of Parcels	Value
Net Valuations Taxable:										
Vacant Land	83	\$ 12,173,700	102	\$ 12,064,400	87	\$ 10,692,700	89	\$ 11,283,700	113	\$ 9,063,600
Residential	4426	1,410,476,800	4399	1,391,425,900	4393	1,386,121,300	4376	1,384,591,000	4392	638,610,700
Farm (Regular)	0	-	0	-	0	-	0	-	0	-
Farm (Qualified)	0	-	0	-	0	-	0	-	0	-
Commercial	309	253,309,900	313	261,751,100	312	265,527,500	317	266,838,200	292	146,902,000
Industrial	115	134,837,300	108	127,848,000	101	127,407,000	101	127,822,000	104	80,052,860
Apartments	91	137,552,000	91	138,552,000	91	139,198,200	91	139,198,200	85	74,071,200
Sub-Total	5024	1,948,349,700	5013	1,931,641,400	4984	1,928,946,700	4974	1,929,733,100	4986	948,700,360
Personal Property		1,840,005		2,004,136		2,314,053		2,642,103		1,865,971
Net Valuations Taxable		1,950,189,705		1,933,645,536		1,931,260,753		1,932,375,203		950,566,331
County Equalization Adjustment		391,892,452		136,097,460		(144,645,832)		(369,551,181)		595,911,102
County Equalized Valuation		<u>\$ 2,342,082,157</u>		<u>\$ 2,069,742,996</u>		<u>\$ 1,786,614,921</u>		<u>\$ 1,562,824,022</u>		<u>\$ 1,546,477,433</u>
County Equalization Ratio		83.79%		93.42%		108.90%		124.70%		69.67%
Average Residential Assessment		<u>\$ 318,680</u>		<u>\$ 316,305</u>		<u>\$ 315,530</u>		<u>\$ 316,406</u>		<u>\$ 145,403</u>
Total County Equalized Valuations		<u>\$ 172,863,500,734</u>		<u>\$ 153,984,695,626</u>		<u>\$ 136,528,998,442</u>		<u>\$ 121,601,699,827</u>		<u>\$ 108,087,109,373</u>
Municipal Percentage of County Equalized Valuations		1.35%		1.34%		1.31%		1.29%		1.43%
Residential Load		79.45%		79.21%		79.08%		78.96%		75.12%
Non-Residential Load		20.55%		20.79%		20.92%		21.04%		24.88%
		<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
Tax Rate Data
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004**	2003
Net Valuations Taxable	\$ 1,949,274,044	\$ 1,952,221,656	\$ 1,955,425,160	\$ 1,958,222,996	\$ 1,963,204,181	\$ 1,950,189,705	\$ 1,933,645,536	\$ 1,928,946,700	\$ 1,932,375,203	\$ 950,566,331
<u>TAX REQUIREMENTS</u>										
County	\$ 4,482,775	\$ 4,526,722	\$ 4,538,528	\$ 4,534,510	\$ 4,264,738	\$ 4,010,583	\$ 3,651,048	\$ 3,370,245	\$ 3,116,350	\$ 2,859,449
County Open Space	51,668	55,245	59,622	250,124	244,564	234,208	206,974	178,661	156,282	68,831
Local School	38,281,300	37,687,755	35,615,525	33,109,897	32,600,375	32,197,863	30,833,980	29,241,551	27,146,448	24,874,685
Municipal - Local	16,976,119	16,826,241	17,251,268	17,291,197	17,615,984	16,842,440	15,179,732	13,536,585	12,676,438	11,259,962
Municipal - Library	685,508	732,780	-	-	-	-	-	-	-	-
Total	\$ 60,477,370	\$ 59,828,743	\$ 57,464,943	\$ 55,185,728	\$ 54,725,661	\$ 53,285,094	\$ 49,871,734	\$ 46,327,042	\$ 43,095,518	\$ 39,062,927
<u>TAX RATES</u>										
County	0.230	0.232	0.233	0.232	0.218	0.206	0.189	0.175	0.161	0.301
County Open Space	0.003	0.003	0.003	0.013	0.013	0.010	0.010	0.010	0.010	0.005
Local School	1.964	1.931	1.821	1.691	1.661	1.651	1.595	1.516	1.405	2.617
Municipal - Local	0.871	0.861	0.882	0.883	0.898	0.873	0.786	0.702	0.664	1.187
Municipal - Library	0.035	0.038	-	-	-	-	-	-	-	-
Total	3.103	3.065	2.939	2.819	2.790	2.740	2.580	2.403	2.240	4.110

**Revaluation Year

BOROUGH OF LODI

**Ratio of Annual Debt Service Appropriations to Total Current Fund Budget Appropriations
(Unaudited)**

J-6

	2012	2011	2010	TY 2009	SFY 2009	SFY 2008	SFY 2007	SFY 2006	SFY 2005	SFY 2004
Serial Bonds:										
Principal	\$ 981,000	\$ 940,000	\$ 1,145,000	\$ -	\$ 1,725,000	\$ 1,575,000	\$ 1,540,000	\$ 1,465,000	\$ 1,330,000	\$ 1,285,000
Interest	121,462	159,750	202,881	113,687	286,367	341,273	404,320	464,507	385,076	444,505
Notes:										
Principal	754,000	788,800	283,500	-	265,000	89,500	44,000	30,000	207,638	128,000
Interest	303,281	200,000	429,746	-	219,525	261,917	162,937	90,000	113,051	66,000
Loans:										
Principal	102,185	100,904	99,656	43,993	78,328	68,848	63,790	56,264	87,483	70,545
Interest	16,618	18,772	20,894	16,741	18,739	17,197	15,085	13,403	18,133	13,370
Sub-Total Debt Service	\$ 2,278,546	\$ 2,208,226	\$ 2,181,677	\$ 174,421	\$ 2,592,959	\$ 2,353,735	\$ 2,230,132	\$ 2,119,174	\$ 2,141,381	\$ 2,007,420
Less Revenue Off-Sets	(181,717)	(100,000)	-	-	-	-	-	-	(171,600)	(136,560)
Net Debt Service	\$ 2,096,829	\$ 2,108,226	\$ 2,181,677	\$ 174,421	\$ 2,592,959	\$ 2,353,735	\$ 2,230,132	\$ 2,119,174	\$ 1,969,781	\$ 1,870,860
Total Current Fund Budget Appropriations	\$ 24,581,470	\$ 25,228,128	\$ 25,156,565	\$ 12,210,856	\$ 25,287,478	\$ 24,331,781	\$ 21,888,054	\$ 21,868,596	\$ 20,189,569	\$ 18,680,983
Ratio of Debt Service to Current Fund Budget Appropriations	<u>8.53%</u>	<u>8.36%</u>	<u>8.67%</u>	<u>1.43%</u>	<u>10.25%</u>	<u>9.67%</u>	<u>10.19%</u>	<u>9.69%</u>	<u>9.76%</u>	<u>10.01%</u>

BOROUGH OF LODI
Direct and Overlapping Debt
(Unaudited)

J-7

DIRECT DEBT

	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
Municipal Debt (Net)	\$ 22,840,048	\$ 21,574,233	\$ 22,457,127	\$ 22,762,428	\$ 22,784,241	\$ 14,544,820	\$ 13,388,826	\$ 15,650,400	\$ 15,633,663	\$ 15,133,284
Local School Debt	545,000	740,000	1,105,000	1,455,000	1,455,000	1,785,000	2,105,000	2,410,000	2,995,000	2,995,000
	<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>	<u>\$ 16,329,820</u>	<u>\$ 15,493,826</u>	<u>\$ 18,060,400</u>	<u>\$ 18,628,663</u>	<u>\$ 18,128,284</u>

OVERLAPPING DEBT

	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
(1) County Debt:										
Municipal Equalized Valuations	\$ 2,066,736,528	\$ 2,209,792,311	\$ 2,384,862,393	\$ 2,501,240,098	\$ 2,445,640,300	\$ 2,342,082,157	\$ 2,069,742,996	\$ 1,786,614,921	\$ 1,562,824,022	\$ 1,376,618,579
Total County Equalized Valuations	\$ 168,748,014,772	\$ 173,258,537,441	\$ 183,412,099,706	\$ 187,580,071,463	\$ 182,767,512,263	\$ 172,863,500,734	\$ 153,984,695,626	\$ 136,528,998,442	\$ 121,601,699,827	\$ 108,087,109,373
	1.22%	1.28%	1.30%	1.33%	1.34%	1.35%	1.34%	1.31%	1.29%	1.27%
X's Outstanding County Debt	1,276,830,919	1,209,730,830	1,248,273,490	1,138,505,430	1,102,573,565	1,087,757,268	825,597,736	808,502,305	651,460,590	531,241,383
	<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>	<u>\$ 14,684,723</u>	<u>\$ 11,063,010</u>	<u>\$ 10,591,380</u>	<u>\$ 8,403,842</u>	<u>\$ 6,746,766</u>

(2) Passaic Valley Sewerage Authority Debt

Municipal Sewer Flow Charges	\$ 1,548,055	\$ 1,524,254	\$ 1,552,420	\$ 1,525,632	\$ 1,465,106	\$ 1,434,906	\$ 1,367,245	\$ 1,109,343	\$ 968,084	\$ 872,808
Total Flow Charges	\$ 123,957,348	\$ 129,883,667	\$ 129,963,014	\$ 127,525,062	\$ 125,403,855	\$ 121,388,216	\$ 118,930,095	\$ 99,930,995	\$ 94,136,079	\$ 90,646,200
	1.25%	1.17%	1.19%	1.20%	1.17%	1.18%	1.15%	1.11%	1.03%	0.96%
X's Outstanding Debt	316,515,886	339,880,368	355,234,494	305,533,465	293,890,682	305,405,498	316,172,356	285,797,506	294,049,501	302,062,733
	<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>	<u>\$ 3,603,785</u>	<u>\$ 3,635,982</u>	<u>\$ 3,172,352</u>	<u>\$ 3,028,710</u>	<u>\$ 2,899,802</u>

DEBT LIMIT - MUNICIPAL DEBT

Equalized Valuation Basis	\$ 2,111,659,198	\$ 2,205,940,647	\$ 2,351,342,268	\$ 2,423,856,737	\$ 2,402,224,264	\$ 2,256,079,114	\$ 2,042,779,832	\$ 1,789,204,841	\$ 1,557,211,389	\$ 1,380,189,898
Permitted Debt Limitation (3 1/2%)	73,908,072	77,207,923	82,296,979	84,834,986	84,077,849	78,962,769	71,497,294	62,622,169	54,502,399	48,306,646
Net Debt	22,840,048	21,574,233	22,457,127	22,762,428	22,784,241	14,544,820	13,388,826	15,650,400	15,633,663	15,133,284
Remaining Borrowing Power	<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>	<u>\$ 64,417,949</u>	<u>\$ 58,108,468</u>	<u>\$ 46,971,769</u>	<u>\$ 38,868,736</u>	<u>\$ 33,173,362</u>

DEBT LIMIT - SCHOOL DEBT

Equalized Valuation Basis	\$ 2,111,659,198	\$ 2,205,940,647	\$ 2,351,342,268	\$ 2,423,856,737	\$ 2,402,224,264	\$ 2,256,079,114	\$ 2,042,779,832	\$ 1,789,204,841	\$ 1,557,211,389	\$ 1,380,189,898
Permitted Debt Limitation (4%)	84,466,368	88,237,626	94,053,691	96,954,269	96,088,971	90,243,165	81,711,193	71,568,194	62,288,456	55,207,596
Net Debt	545,000	740,000	1,105,000	1,455,000	1,455,000	1,785,000	2,105,000	2,410,000	2,995,000	2,995,000
Remaining Borrowing Power	<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>	<u>\$ 88,458,165</u>	<u>\$ 79,606,193</u>	<u>\$ 69,158,194</u>	<u>\$ 59,293,456</u>	<u>\$ 52,212,596</u>

BOROUGH OF LODI
Ratio of Gross and Net Debt to County Equalized Value and Debt Per Capita
(Unaudited)

	2012	2011	2010	TY 2009	SFY 2009	SFY 2008	SFY 2007	SFY 2006	SFY 2005	SFY 2004
Population	24,360	24,277	24,136	23,766	23,766	23,705	23,747	23,822	23,929	24,016
County Equalized Valuation	\$ 2,066,736,528	\$ 2,209,792,311	\$ 2,384,862,393	\$ 2,501,240,098	\$ 2,445,640,300	\$ 2,342,082,157	\$ 2,069,742,996	\$ 1,786,614,921	\$ 1,562,824,022	\$ 1,546,477,433
Gross Debt	\$ 24,503,204	\$ 23,622,389	\$ 24,947,093	\$ 26,145,249	\$ 24,849,241	\$ 18,478,130	\$ 18,378,826	\$ 18,060,400	\$ 18,628,663	\$ 18,128,284
Gross Debt Per Capita	\$ 1,006	\$ 973	\$ 1,034	\$ 1,100	\$ 1,046	\$ 780	\$ 774	\$ 758	\$ 778	\$ 755
Ratio of Gross Debt to County Equalized Valuations	1.19%	1.07%	1.05%	1.05%	1.02%	0.79%	0.89%	1.01%	1.19%	1.17%
Net Debt	\$ 22,840,048	\$ 21,574,233	\$ 22,457,127	\$ 22,762,428	\$ 22,784,241	\$ 14,544,820	\$ 13,388,826	\$ 11,700,400	\$ 10,378,760	\$ 8,954,082
Ratio of Net Debt to County Equalized Valuations	1.11%	0.98%	0.94%	0.91%	0.93%	0.62%	0.65%	0.65%	0.66%	0.58%
Net Debt per Capita	\$ 938	\$ 889	\$ 930	\$ 958	\$ 959	\$ 614	\$ 564	\$ 491	\$ 434	\$ 373

BOROUGH OF LODI
Comparative Schedule of Delinquent Taxes and Tax Title Liens
(Unaudited)

J-9

	2012	2011	2010	TY 2009	SFY 2009	SFY 2008	SFY 2007	SFY 2006	SFY 2005	SFY 2004
Total Tax Levy	\$ 60,242,368	\$ 59,702,675	\$ 57,473,612	\$ 27,708,519	\$ 55,266,054	\$ 54,494,788	\$ 52,015,213	\$ 48,665,837	\$ 45,409,146	\$ 41,238,496
Current Tax Collections	\$ 60,010,062	\$ 59,580,463	\$ 57,394,145	\$ 26,967,075	\$ 55,120,268	\$ 54,240,351	\$ 51,881,507	\$ 48,531,380	\$ 45,292,674	\$ 41,152,362
% of Tax Levy Collected	<u>99.61%</u>	<u>99.80%</u>	<u>99.86%</u>	<u>97.32%</u>	<u>99.74%</u>	<u>99.53%</u>	<u>99.74%</u>	<u>99.72%</u>	<u>99.74%</u>	<u>99.79%</u>
Tax Title Liens	\$ 400,563	\$ 194,485	\$ 100,572	\$ 292,868	\$ 284,219	\$ 258,175	\$ 225,592	\$ 209,429	\$ 144,346	\$ 168,441
Delinquent Taxes	91,165	30,373	16,723	685,244	2,183	2,634	7,117	71,621	80,242	109,626
Total Delinquent	\$ 491,728	\$ 224,858	\$ 117,295	\$ 978,112	\$ 286,402	\$ 260,809	\$ 232,709	\$ 281,050	\$ 224,588	\$ 278,067
Tax Levy	\$ 60,242,368	\$ 59,702,675	\$ 57,473,612	\$ 27,708,519	\$ 55,266,054	\$ 54,494,788	\$ 52,015,213	\$ 48,665,837	\$ 45,409,146	\$ 41,238,496
% of Delinquencies to Tax Levy	<u>0.82%</u>	<u>0.38%</u>	<u>0.20%</u>	<u>3.53%</u>	<u>0.52%</u>	<u>0.48%</u>	<u>0.45%</u>	<u>0.58%</u>	<u>0.49%</u>	<u>0.67%</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
Comparative Schedule of Property Acquired by Tax Title Lien Liquidation
(Unaudited)

J-10

	2012	2011	2010	TY 2009	SFY 2009	SFY 2008	SFY 2007	SFY 2006	SFY 2005	SFY 2004
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
Comparison of Current Fund Balances Appropriated
(Unaudited)

J-11

	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
Current Fund Balance Year End	\$ 4,611,268	\$ 3,678,956	\$ 3,497,161	\$ 1,966,726	\$ 1,354,518	\$ 1,210,656	\$ 851,968	\$ 310,276	\$ 275,175	\$ 514,221
Utilized in Budget of Succeeding Year	\$ 360,000	\$ 1,036,000	\$ 1,600,000	\$ 1,600,000	\$ 56,119	\$ 325,000	\$ 340,000	\$ -	\$ -	\$ 392,956
Percentage Utilized	7.81%	28.16%	45.75%	81.35%	4.14%	26.84%	39.91%	0.00%	0.00%	76.42%

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 Auditor's 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 of the Borough of Lodi, in the County of Bergen (the "Borough") as of and for the year ended December 31, 2012, 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, 2013, which was adverse due to the financial statements being prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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. Despite these limitations, during our audit we identified a deficiency in internal control that we consider to be a material weakness, as defined above; the Borough failed to implement and maintain a Fixed Asset accounting system in accordance with N.J.A.C. 5:30-5.6. However, material weaknesses may exist that have not been identified.

Di Maria & Di Maria LLP

Independent Auditor's 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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted certain other matters that we reported to management of the Borough of Lodi, New Jersey in a separate letter dated June 30, 2013.

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

Registered Municipal Accountant
RMA No. CR00463

June 30, 2013

BOROUGH OF LODI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2012

K-3

Catalog of Federal Domestic Assistance Program Title	Federal C.F.D.A. Number	Award Amount	Grant Period		Balance December 31, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) December 31, 2011	Deferred Revenue December 31, 2011	Due to Grantor December 31, 2011
			From	To									
Federal and State Grant Fund													
FEMA Firefighter's Grant - Federal		\$ 142,560	1/1/2010	12/31/2010	\$ (142,560)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (142,560)	\$ -	\$ -
FEMA Firefighter's Grant - Local		15,840	1/1/2010	12/31/2010	323	-	-	-	(323)	-	-	-	-
U.S. Immigration & Customs Enforcement Asset Sharing		176,490	1/1/2010	12/31/2010	50,323	-	-	(20,596)	-	-	-	29,727	-
Total Federal Financial Assistance					\$ (91,914)	\$ -	\$ -	\$ (20,596)	\$ (323)	\$ -	\$ (142,560)	\$ 29,727	\$ -

BOROUGH OF LODI
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2012

K-4

State Grantor / Program Title	Grant or State Project Number	Award Amount	Grant Period From	To	Balance December 31, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) December 31, 2012	Deferred Revenue December 31, 2012	Due to Grantor December 31, 2012
State of New Jersey, Department of Health --													
2012 Alcohol, Education, Rehabilitation and Enforcement Fund (T)	046-760-4240	54	1/1/2012	12/31/2012	\$ -	\$ -	54	\$ -	\$ -	\$ -	\$ -	54	\$ -
2011 Alcohol, Education, Rehabilitation and Enforcement Fund (T)	046-760-4240	1,257	1/1/2011	12/31/2011	1,257	-	-	-	-	-	-	1,257	-
2010 Alcohol, Education, Rehabilitation and Enforcement Fund (T)	046-760-4240	743	1/1/2010	12/31/2010	743	-	-	-	-	-	-	743	-
SFY 2005 Alcohol, Education, Rehabilitation and Enforcement Fur	046-760-4240		7/1/2004	6/30/2005	11,334	-	-	(98)	-	-	-	11,236	-
2010 Municipal Alliance on Alcoholism & Drug Abuse:													
State Share		12,157	1/1/2010	12/31/2010	(12,157)	-	-	-	12,157	-	-	-	-
State Share		12,157	1/1/2010	12/31/2010	12,157	-	-	-	(12,157)	-	-	-	-
Local Share		3,040	1/1/2010	12/31/2010	3,040	-	-	-	(3,040)	-	-	-	-
SFY 2009 Municipal Alliance on Alcoholism & Drug Abuse:													
State Share		13,500	7/1/2008	6/30/2009	(9,665)	-	3,590	-	6,075	-	-	-	-
State Share		13,500	7/1/2008	6/30/2009	16,593	-	-	(7,639)	(8,954)	-	-	-	-
State of New Jersey, Department of Environmental Protection --													
2012 Clean Communities Program:	042-765-6010	30,837	Non-Expiring		-	-	30,837	-	-	-	-	30,837	-
2011 Clean Communities Program	042-765-6010	31,020	Non-Expiring		26,768	-	-	(26,768)	-	-	-	-	-
2012 Recycling Tonnage Grant	042-752-6020	21,900	Non-Expiring		-	-	21,900	-	-	-	-	21,900	-
State of New Jersey, Department of Community Affairs --													
Smart Future Grant		50,000	7/1/2009	12/31/2009	(45,000)	-	-	-	-	-	(45,000)	-	-
Smart Future Grant		50,000	7/1/2009	12/31/2009	50,000	-	-	-	(50,000)	-	-	-	-
State of New Jersey, Department of Law and Public Safety --													
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	4,926	-	-	-	-	-	-	4,926	-
SFY 2008 Drunk Driving Enforcement Fund		2,800	7/1/2007	6/30/2008	1,086	-	-	-	-	-	-	1,086	-
SFY 2005 Drunk Driving Enforcement Fund			7/1/2004	6/30/2005	3,371	-	-	(2,478)	-	-	-	893	-
2012 Click It or Ticket		4,000	1/1/2012	12/31/2012	-	-	4,000	(4,000)	-	-	-	-	-
2012 Division of Criminal Justice Body Armor Fund		3,908	1/1/2012	12/31/2012	-	-	3,908	-	-	-	-	3,908	-
2011 Division of Criminal Justice Body Armor Fund		3,733	1/1/2011	12/31/2011	3,733	-	-	(2,444)	-	-	-	1,289	-
2010 Division of Criminal Justice Body Armor Fund		1,526	1/1/2010	12/31/2010	1,526	-	-	(1,526)	-	-	-	-	-
SFY 2008 Division of Criminal Justice Body Armor Fund		4,526	7/1/2007	6/30/2008	1,718	-	-	(1,718)	-	-	-	-	-
2011 B.C. Prosecutor Confiscated Funds		73,456	1/1/2011	12/31/2011	(48,005)	-	-	-	-	(48,005)	-	-	-
2011 B.C. Prosecutor Confiscated Funds		73,456	1/1/2011	12/31/2011	48,006	-	-	(29,789)	-	-	-	18,217	-
SFY 2005 Safe Streets to Schools Program			7/1/2004	6/30/2005	(35,406)	-	-	-	35,406	-	-	-	-
SFY 2005 Safe Streets to Schools Program			7/1/2004	6/30/2005	31,807	-	-	-	(31,807)	-	-	-	-
					\$ 72,247	\$ -	\$ 67,318	\$ (76,460)	\$ (52,320)	\$ -	\$ (93,005)	\$ 103,790	\$ -

*Expenditures less than \$500,000; U.S. Office of Management and Budget (OMB) Circular A-133 (Revised, June 27, 2003), Audit not applicable.

**BOROUGH OF LODI
NOTES TO THE SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2012**

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 on the budgetary basis of accounting. This basis of accounting is described in Note 2 to the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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 THE SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2012

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, 2012 to December 31, 2012.

BOROUGH OF LODI
NOTES TO THE SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2012

Note 4 - Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5 - Federal and State Loans Outstanding

The Borough had the following federal and state loans outstanding at December 31, 2012:

General Capital Fund (Paid by the Current Fund):

Green Trust Loan	\$ 66,615
Green Trust Loan	\$ 70,394
Green Trust Loan	\$ 31,673
Green Trust Loan	\$160,480
Green Trust Loan	\$198,807
Green Trust Loan	\$188,620
NJEIT Trust Fund Loan	\$7,853
NJEIT Fund Trust Loan	\$10,000

Total \$734,442

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, 2012

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? 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, 2012**

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

Federal Awards

*****NOT APPLICABLE - EXPENDITURES UNDER \$500,000*****

1. Internal control over major programs:
 - a. Material weakness(es) identified? _____ yes _____ no
 - b. Significant deficiency(ies) identified? _____ yes _____ no
2. Type of auditors' report issued on compliance for major programs: _____
3. Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ 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, 2012**

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

State Awards

*****NOT APPLICABLE - EXPENDITURES UNDER \$500,000*****

1. Internal control over major programs:

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

b. Significant deficiency(ies) identified? _____ yes _____ no

2. Type of auditors' report issued on compliance for major programs:

3. Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?

_____ yes _____ no

4. Identification of major programs:

Program GMIS Number(s)

Name of State Program or Cluster

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, 2012

Section II -- Financial Statement Findings

2012-01 Condition: The municipality failed to comply with N.J.A.C. 5:30-5.6 which requires the implementation and 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 implemented in accordance with N.J.A.C. 5:30-5.6.

BOROUGH OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

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

Current Year

Federal Awards:

None

State Awards:

None

BOROUGH OF LODI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2012

Finding #2011-01

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

Status Condition continues to exist.

BOROUGH OF LODI

NJ Comprehensive Annual Financial Report

General Comments and Recommendations Section

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2012

General

None

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2012

Cash Cycle

Ref.

None

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2012

Revenues/Cash Receipts Cycles

Ref.

Treasurer

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

Municipal Court

None

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2012**

Expenditures/Cash Disbursement Cycles

Ref.

1. The following are the results of testing for compliance with NJSA 40A:14-34: #3

	<u>50% Test</u>	<u>Accountability</u>
Lodi Volunteer Fire Department*	NO	OK
Fire Company #1 (Westervelt)	OK	OK
Hose Company #1 (Headquarters)	NO	NO
Hose Company #2 (Kennedy)	NO	NO
Truck Company #1 (Headquarters)	NO	NO

*Not recognized per Borough's Fire Department Ordinance

2. Not all entities complied with Borough Resolution #09-117; regarding providing necessary documentation pertaining to outside organizations. #4

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2012**

Payroll Cycle

Ref.

1. The Borough did not report taxable compensation to all applicable employees for non-qualified, non-personal use vehicles. #1

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2012

Fixed Assets

Ref.

1. A fixed asset accounting system was not maintained in accordance with N.J.A.C. 5:30-5.6. #2

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2012

Recommendations

1. That applicable employee's taxable compensation include automobile fringe benefits in accordance with U.S. Treasury Regulations.*
2. That a fixed asset accounting system be maintained in accordance with N.J.A.C. 5:30-5.6.*
3. That all volunteer fire companies be made to comply with NJSA 40A:14-34.
4. That all outside organizations be made to comply with Borough Resolution #09-117.

**BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2012**

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, 2013