

**BOROUGH OF LODI
COUNTY OF BERGEN, NEW JERSEY**

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

BOROUGH OF LODI

Part I

Report on Audit of Financial Statements and Supplementary Schedules

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Lodi, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Independent Auditors' Report (Continued)

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Lodi on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed above in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Lodi as of December 31, 2018 and 2017, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The notes to the Borough of Lodi's financial statements do not disclose the other post employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement Number 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the omission of the note disclosure regarding the other post-employment benefit obligations, as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements - regulatory basis referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Lodi as of December 31, 2018 and 2017, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the respective revenues - regulatory basis and expenditures - regulatory basis of the various funds for the year ended December 31, 2018 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Independent Auditors' Report (Continued)

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Lodi as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Lodi.

The supplementary schedules listed in the table of contents, schedule 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1 .

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2019 on our consideration of the Borough of Lodi'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 of Lodi's internal control over

DI MARIA & DI MARIA LLP
Accountants and Advisors

Frank Di Maria

Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463

June 30, 2019

BOROUGH OF LODI
 CURRENT FUND
 COMPARATIVE BALANCE SHEET (REGULATORY BASIS)
 AS OF DECEMBER 31, 2018 AND 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund</u>			
<u>Assets</u>			
Cash - Current Account.....		\$ 10,538,513	\$ 10,572,142
Cash - Change Funds.....	A-5	500	500
		<u>10,539,013</u>	<u>10,572,642</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable.....	A-6	97,928	168,665
Tax Title Liens Receivable.....		353,504	509,540
Property Acquired for Taxes - Assessed Valuation.....	A-7	18,247	18,247
Prepaid Local District School Taxes.....		-	322,881
Due from - Trust Fund.....		1,269,362	-
		<u>1,739,041</u>	<u>1,019,333</u>
Deferred Charges:			
Emergency Authorizations (40A:4-47).....	A-8	57,150	-
Special Emergency Authorizations (40A:4-53.1).....	A-8	528,000	792,000
		<u>585,150</u>	<u>792,000</u>
		<u>12,863,204</u>	<u>12,383,975</u>
<u>Grant Fund</u>			
<u>Assets</u>			
Due from - Current Account.....	A-9	428,453	403,807
Grants Receivable.....	A-10	6,617	47,451
		<u>435,070</u>	<u>451,258</u>
		<u>\$ 13,298,274</u>	<u>\$ 12,835,233</u>

BOROUGH OF LODI
 CURRENT FUND
 COMPARATIVE BALANCE SHEET (REGULATORY BASIS)
 AS OF DECEMBER 31, 2018 AND 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund</u>			
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Due to - Grant Fund.....	A-9	\$ 428,453	\$ 403,807
Due to - General Capital Fund.....		188,466	-
Due County for Added & Omitted Taxes.....		50,011	23,023
Due State of New Jersey.....		-	7,355
Appropriation Reserves.....		505,675	1,051,796
Reserve for Encumbrances.....		167,490	189,461
Pre-Paid Taxes.....		264,293	1,066,502
Tax Overpayments.....		44,533	76,626
Reserve for Debt Service.....		775,000	-
		<u>2,423,921</u>	<u>2,818,570</u>
Reserve for Receivables and Other Assets.....		1,739,041	1,019,333
Fund Balance.....		8,700,242	8,546,072
		<u>12,863,204</u>	<u>12,383,975</u>
		-	-

Grant Fund

Liabilities

Due to - Trust Fund.....	A-12	744	744
Reserve for Encumbrances.....	A-12	1,210	-
Appropriated Reserves.....	A-12	391,105	379,428
Unappropriated Reserves.....	A-13	42,011	71,086
		<u>435,070</u>	<u>451,258</u>
		-	-
		<u>\$ 13,298,274</u>	<u>\$ 12,835,233</u>
		-	-

BOROUGH OF LODI
 CURRENT FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND
 CHANGES IN FUND BALANCE (REGULATORY BASIS)
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized.....	A-2	\$ 2,143,446	\$ 1,372,500
Miscellaneous Revenue Anticipated.....	A-2	6,909,924	6,241,036
Receipts from Delinquent Taxes.....	A-2	369,087	174,352
Receipts from Current Taxes.....	A-2	63,142,895	62,439,799
Non-Budget Revenue.....	A-2	765,216	632,250
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves.....	A-1	1,044,741	496,918
Other Cancellations & Non-Cash Adjustments.....		40,446	-
Total Income.....		<u>74,415,755</u>	<u>71,356,855</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Within "CAPS":			
Operations:			
Salaries and Wages.....	A-3	10,085,000	9,925,500
Other Expenses.....	A-3	9,470,398	9,019,300
Deferred Charges.....	A-3	18,446	-
Statutory Expenditures.....	A-3	2,291,917	2,108,907
Excluded From "CAPS":			
Operations:			
Other Expenses.....	A-3	2,460,741	2,338,919
Capital Improvements.....	A-3	207,150	100,000
Debt Service.....	A-3	1,854,715	1,797,079
Deferred Charges and Statutory Expenditures.....	A-3	264,000	304,000
Local District School Tax.....	A-1:A-1	38,580,231	38,746,566
County Tax.....	A-1:A-1	5,391,619	4,985,526
County Open Space Tax.....	A-1:A-1	230,115	207,466
Added County Taxes.....	A-1:A-1	50,011	23,023
Refund of Prior Year Revenue.....		-	313,500
Interfund Loans Originating.....		1,269,362	-
Prior Year Vets & SC Deduction Adjustment.....		1,584	-
Total Expenditures.....		<u>72,175,289</u>	<u>69,869,786</u>
Excess in Revenue.....		2,240,466	1,487,069
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year.....		<u>57,150</u>	<u>-</u>
Statutory Excess to Fund Balance.....		2,297,616	1,487,069
Fund Balance, January 1.....	A	8,546,072	8,431,503
Decreased by - Utilization as Anticipated Revenue.....		2,143,446	1,372,500
Fund Balance, December 31.....	A	<u>\$ 8,700,242</u>	<u>\$ 8,546,072</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF REVENUES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Ref.	Anticipated		Realized	Excess/ (Deficit)
		Budget	Added by N.J.S. 40A:4-87		
Fund Balance Anticipated.....	A-1	2,143,446	-	2,143,446	-
Miscellaneous Revenues:					
Alcoholic Beverage Licenses.....		20,000	-	20,561	561
Other Licenses.....		50,000	-	48,568	(1,432)
Fees and Permits.....		250,000	-	236,238	(13,762)
Municipal Court Fines and Costs.....		480,000	-	517,880	37,880
Interest and Costs on Taxes.....		100,000	-	101,149	1,149
Interest on Investments and Deposits.....		15,000	-	86,855	71,855
Sewer User Charges.....		1,800,000	-	2,261,918	461,918
Consolidated Municipal Property Tax Relief.....		277,003	-	277,003	-
Energy Receipts Tax.....		1,652,541	-	1,652,541	-
Uniform Construction Code Fees.....		195,000	-	284,697	89,697
Lodi BOE - Synthetic Turf at LHS - Principal.....		90,000	-	175,000	85,000
Lodi BOE - Synthetic Turf at LHS - Interest.....		7,500	-	6,512	(988)
NJ Recycling Tonnage Grant.....		22,355	-	22,355	-
NJ Alcohol Ed and Rehabilitation Program.....		5,083	-	5,083	-
NJ Body Armor Fund		4,196	-	4,196	-
NJ Clean Communities Program.....		39,452	-	39,452	-
Uniform Fire Safety Act - State.....		37,000	-	60,024	23,024
Uniform Fire Safety Act - Local.....		200,000	-	283,217	83,217
Cable TV Franchise Fee - Verizon.....		210,000	-	196,882	(13,118)
Cable TV Franchise Fee - Cablevision.....		100,000	-	111,064	11,064
PVWC Water Utility Lease Payment.....		72,211	-	74,378	2,167
Host Community Fees.....		85,000	-	90,683	5,683
Cellular Tower Leases.....		53,000	-	60,632	7,632
School Security Program Reimb (Lodi BOE).....		100,000	-	100,000	-
D/S Reimb (Lodi Railroad Plaza LLC).....		117,000	-	193,035	76,035
Total Miscellaneous Revenues.....	A-1	5,982,341	-	6,909,923	927,582
Receipts From Delinquent Taxes.....	A-1	-	-	369,087	369,087
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes.....		18,009,557	-	18,431,046	421,489
Library Tax.....		759,873	-	759,873	-
	A-2	18,769,430	-	19,190,919	421,489
Budget Totals.....		26,895,217	-	28,613,375	1,718,158
Non-Budget Revenues.....	A-2	-	-	765,216	765,216
		<u>\$ 26,895,217</u>	<u>\$ -</u>	<u>\$ 29,378,591</u>	<u>\$ 2,483,374</u>
Ref.		A-3			

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF REVENUES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

Analysis of Realized Revenues

<u>Allocation of Current Tax Collections</u>	<u>Ref.</u>		
Revenue from Current Tax Collections.....	A-1		63,142,895
Allocated to:			
Local District School Tax.....	A-1	38,580,231	
County Tax.....	A-1	5,391,619	
County Open Space Tax.....	A-1	230,115	
Added County Taxes.....	A-1	<u>50,011</u>	
			<u>44,251,976</u>
Balance for Support of Municipal Budget Appropriations.....			18,890,919
Add: Appropriation "Reserve for Uncollected Taxes".....			<u>300,000</u>
			A-1:A-3
Amount for Support of Municipal Budget Appropriations.....			<u>\$ 19,190,919</u>
	<u>Ref.</u>		<u>A-2</u>

Analysis of Non-Budget Revenues

<u>Miscellaneous Revenue Not Anticipated</u>		
Sale of Property		11,805
Dishonored Checks		665
Hospitalization / Dental Reimbursements		399,783
Attorney Foreclosure Fees		3,432
Bus Shelter Ad Fees		920
Concert Donations		6,000
DMV Inspection Fines		3,481
DPW Scrap Iron		901
Duplicate Tax Bills		196
NJ Vets & SC Admin Payment		2,382
Gasoline Sales		4,833
Insurance Refunds		157,139
Insurance Refunds		1
Miscellaneous		83,845
Miscellaneous Refunds		87,495
NSF Check Fees		-
Polling Place		240
PVSC Rebate Incentive Program		-
Refreshment Stand Receipts		1,218
Restitution		880
		<u>765,216</u>
	<u>Ref.</u>	<u>A-1:A-2</u>

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS"</u>						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration:						
Salaries and Wages	230,000	-	230,000	229,795	205	-
Other Expenses	155,000	-	198,000	197,027	973	-
Mayor and Council:						
Salaries and Wages	32,500	-	32,500	32,499	1	-
Other Expenses	10,000	-	7,000	4,049	2,951	-
Municipal Clerk:						
Salaries and Wages	185,000	-	185,000	184,971	29	-
Other Expenses	75,000	-	60,000	58,186	1,814	-
Financial Administration:						
Salaries and Wages	200,000	-	210,000	209,276	724	-
Other Expenses	175,000	-	140,000	129,397	10,603	-
Computerized Data Processing:						
Other Expenses	80,000	-	10,000	5,000	5,000	-
Audit Services:						
Other Expenses	50,000	-	50,000	30,200	19,800	-
Revenue Administration:						
Salaries and Wages	155,000	-	155,000	154,029	971	-
Other Expenses	30,000	-	25,000	10,127	14,873	-
Tax Assessment Administration:						
Salaries and Wages	90,000	-	90,000	89,998	2	-
Other Expenses	50,000	-	25,000	12,816	12,184	-
Legal Services:						
Other Expenses	275,000	-	275,000	274,519	481	-
Engineering Services:						
Other Expenses	75,000	-	70,000	66,684	3,316	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
LAND USE ADMINISTRATION:						
Planning Board:						
Salaries and Wages	2,500	-	32,500	32,333	167	-
Other Expenses	7,500	-	7,500	4,343	3,157	-
Zoning Board of Adjustment:						
Salaries and Wages	125,000	-	187,000	186,068	932	-
Other Expenses	7,500	-	8,500	8,465	35	-
Property Maintenance:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	15,000	-	7,000	3,118	3,882	-
INSURANCE:						
Liability Insurance	491,398	-	491,398	491,398	-	-
Worker Compensation Insurance	517,500	-	477,500	464,424	13,076	-
Employee Group Insurance	2,935,000	-	3,034,000	2,964,382	69,618	-
Insurance Deductible	20,000	-	17,000	6,000	11,000	-
Other Insurance Premiums	30,000	-	30,000	29,968	32	-
Employee Group Insurance - Cash in Lieu	10,000	-	-	-	-	-
Unemployment Compensation	30,000	-	30,000	1,343	28,657	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
PUBLIC SAFETY FUNCTIONS:						
Police:						
Salaries and Wages	6,000,000	-	5,975,000	5,973,864	1,136	-
Other Expenses	280,000	-	265,000	262,609	2,391	-
Other Expenses - Police Car Lease	-	-	-	-	-	-
Police Clerical:						
Salaries and Wages	170,000	-	170,000	169,897	2,391	-
Parking Enforcement:						
Salaries and Wages	35,000	-	15,000	-	15,000	-
Crossing Guards:						
Salaries and Wages	400,000	-	400,000	399,808	192	-
Other Expenses	10,000	-	10,000	9,773	227	-
School Security:						
Salaries and Wages	275,000	-	275,000	274,965	35	-
Other Expenses	10,000	-	10,000	-	10,000	-
911/Dispatch:						
Other Expenses	335,000	-	315,000	306,000	9,000	-
Office of Emergency Management:						
Salaries and Wages	12,000	-	12,000	9074,.94	2,925	-
Other Expenses	10,000	-	10,000	4,121	5,879	-
Aid to Volunteer Fire Companies:						
Other Expenses	100,000	-	100,000	69,676	3,032,400	-
Fire Department:						
Other Expenses	85,000	-	85,000	66,875	18,125	-
Fire Prevention:						
Salaries and Wages	225,000	-	225,000	224,526	475	-
Other Expenses	15,000	-	18,000	17,962	38	-
Municipal Prosecutor's Office:						
Salaries and Wages	15,000	-	15,000	15,000	-	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
PUBLIC WORKS FUNCTIONS:						
Streets and Road Maintenance:						
Salaries and Wages	960,000	-	1,100,000	1,099,592	408	-
Other Expenses	350,000	-	500,000	499,338	662	-
DPW Clerical:						
Salaries and Wages	70,000	-	70,000	69,751	249	-
Sewer Processing & Disposal:						
Other Expenses	100,000	-	60,000	38,142	21,858	-
Buildings & Grounds:						
Salaries and Wages	340,000	-	161,500	161,154	346	-
Other Expenses	75,000	-	75,000	68,954	6,046	-
Shade Tree:						
Other Expenses	25,000	-	25,000	24,990	10	-
Solid Waste Collection:						
Other Expenses	750,000	-	750,000	749,329	671	-
Recycling:						
Salaries and Wages	7,500	-	7,500	5,000	2,500	-
Other Expenses - Contract	100,000	-	100,000	96,303	3,697	-
Vehicle Maintenance:						
Other Expenses	200,000	-	212,000	211,433	567	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
HEALTH AND HUMAN SERVICES FUNCTIONS:						
Vital Statistics:						
Salaries and Wages	17,000	-	17,000	-	17,000	-
Animal Control:						
Other Expenses	60,000	-	60,000	40,980	19,020	-
Health Department:						
Other Expenses	75,000	-	75,000	74,628	372	-
PARK AND RECREATION FUNCTIONS:						
Recreation Services and Programs:						
Salaries and Wages	230,000	-	230,000	228,316	1,684	-
Other Expenses	135,000	-	95,000	80,879	14,121	-
OTHER COMMON OPERATING FUNCTIONS:						
Celebration of Public Events:						
Other Expenses	30,000	-	50,000	48,725	1,275	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
MUNICIPAL COURT:						
Municipal Court Administration:						
Salaries and Wages	275,000	-	275,000	26,901	5,999	-
Other Expenses	20,000	-	20,000	15,219	4,781	-
Public Defender:						
Salaries and Wages	15,000	-	15,000	15,000	-	-
UNIFORM CONSTRUCTION CODE:						
Code Enforcement and Administration:						
Salaries and Wages	210,000	-	210,000	203,934	6,066	-
Other Expenses	20,000	-	15,000	11,187	3,813	-
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	475,000	-	390,000	355,771	34,229	-
Street Lighting	125,000	-	175,000	173,665	1,335	-
Telephone	125,000	-	100,000	92,396	7,604	-
Water	30,000	-	30,000	18,912	11,088	-
Gasoline	150,000	-	150,000	145,312	4,688	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:						
Dump Fees	600,000	-	602,500	602,370	130	-
Total Operations Within "CAPS"	19,605,398	-	19,555,398	18,833,672	3,474,916	-
Detail:						
Salaries and Wages	10,066,500	-	10,085,000	10,033,917	51,083	-
Other Expenses	9,538,898	-	9,470,398	9,050,930	419,468	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</u>						
DEFERRED CHARGES:						
Overexpenditures	18,446	-	18,446	18,446	-	-
STATUTORY EXPENDITURES:						
Social Security System (O.A.S.I.)	475,000	-	475,000	474,744	256	-
Local Firemen's Pension Fund	20,000	-	20,000	12,500	7,500	-
Public Employees' Retirement System (PERS)	411,541	-	411,541	411,540	1	-
Police and Fireman's Retirement System (PFRS)	1,384,376	-	1,384,376	1,384,376	-	-
DCRP	1,000	-	1,000	1	999	-
	2,291,917	-	2,291,917	2,283,161	8,756	-
Total General Appropriations Within "CAPS"	21,915,761	-	21,865,761	21,135,279	3,483,672	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER APPROPRIATIONS</u>						
EDUCATIONAL FUNCTIONS:						
Municipal Library:						
Other Expenses - Third of a Mil	759,873	-	759,873	759,873	-	-
Other Expenses - Additional	-	-	-	-	-	-
UTILITY EXPENSES AND BULK PURCHASES:						
Other Expenses - PVSC	1,551,863	-	1,601,863	1,601,204	659	-
STATUTORY EXPENDITURES:						
Other Expenses - LOSAP	25,000	-	25,000	17,975	7,025	-
Insurance						
Employee Group Insurance	-	-	-	-	-	-
	<u>2,336,736</u>	<u>-</u>	<u>2,386,736</u>	<u>2,379,052</u>	<u>7,684</u>	<u>-</u>

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>						
Recycling Tonnage Grant	22,355	-	22,355	22,355	-	-
Alcohol Education Rehabilitation Fund	5,083	-	5,083	5,083	-	-
Clean Communities Program	39,452	-	39,452	39,452	-	-
Body Armor Replacement Program	4,196	-	4,196	4,196	-	-
Municipal Alliance - State	-	-	-	-	-	-
Municipal Alliance - Local	2,919	-	2,919	2,919	-	-
	<u>74,005</u>	<u>-</u>	<u>74,005</u>	<u>74,005</u>	<u>-</u>	<u>-</u>
Total Operations Excluded From "CAPS"	<u>2,410,741</u>	<u>-</u>	<u>2,460,741</u>	<u>2,453,057</u>	<u>7,684</u>	<u>-</u>
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	2,410,741	-	2,460,741	2,453,057	7,684	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended		
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Overexpended
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>							
Capital Improvement Fund	100,000	-	100,000	100,000	-	-	-
Improvements to Voto-Tedesco Field	50,000	-	50,000	31,316	18,684	-	-
Capital Improvement Fund	-	50,000	50,000	50,000	-	-	-
Capital Improvement Fund	-	7,150	7,150	7,150	-	-	-
	<u>150,000</u>	<u>57,150</u>	<u>207,150</u>	<u>188,466</u>	<u>18,684</u>	<u>-</u>	<u>-</u>

BOROUGH OF LODI
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Bond Principal	1,075,000	-	1,075,000	1,075,000	-	-
Bond Interest	359,613	-	359,613	359,613	-	-
Payment of Bond Anticipation Notes & Capital	-	-	-	-	-	-
Interest on Notes	-	-	-	-	-	-
Lodi RailRoad Plaza - Principal	80,000	-	80,000	80,000	-	-
Lodi RailRoad Plaza - Interest	103,212	-	103,212	103,212	-	-
Lodi BOE - Synthetic Turf Installation at LHS - Principal	190,000	-	190,000	190,000	-	-
Lodi BOE - Synthetic Turf Installation at LHS - Interest	3,035	-	3,035	3,035	-	-
Interest on Special Emergency Note	-	-	-	-	-	-
Green Trust Loan Principal - 0231-03-080	12,690	-	12,690	12,690	-	-
Green Trust Loan Interest - 0231-03-080	2,717	-	2,717	2,717	-	-
Green Trust Loan Principal	-	-	-	-	-	-
Green Trust Loan Interest	-	-	-	-	-	-
Green Trust Loan Principal - 0231-95-059	-	-	-	-	-	-
Green Trust Loan Interest - 0231-95-059	-	-	-	-	-	-
Green Trust Loan Principal - 0231-03-080a	13,588	-	13,588	13,588	-	-
Green Trust Loan Interest - 0231-03-080a	2,424	-	2,424	2,424	-	-
Green Trust Loan Principal - 0231-05-015	10,243	-	10,243	10,243	-	-
Green Trust Loan Interest - 0231-05-015	2,193	-	2,193	2,193	-	-
	<u>1,854,715</u>		<u>1,854,715</u>	<u>1,854,715</u>	-	-

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>	<u>Overexpended</u>
	<u>Adopted Budget</u>	<u>Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES</u>						
Emergency Authorizations	-	-	-	-	-	-
Emergency Authorizations - 1 year	-	-	-	-	-	-
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4)	264,000	-	264,000	264,000	-	-
Deferred Charges to Future Taxation	-	-	-	-	-	-
	<u>264,000</u>	<u>-</u>	<u>264,000</u>	<u>264,000</u>	<u>-</u>	<u>-</u>

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

<u>Adopted Budget</u>	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>	<u>Overexpended</u>
	<u>Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		

JUDGMENTS

Judgments (N.J.S. 40A:4-45.3c)

-	-	-	-	-	-	-
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BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF EXPENDITURES (REGULATORY BASIS)
 YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended Balance Canceled	Overexpended
	Adopted Budget	Emergency Appropriation	Budget After Modification	Paid or Charged		
Total General Appropriations - Excluded From "CAPS"	4,679,456	57,150	4,786,606	4,760,238	26,368	-
Sub-Total General Appropriations	26,595,217	57,150	26,652,367	25,895,517	3,510,040	-
Reserve for Uncollected Taxes	300,000		300,000	300,000	-	-
Total General Appropriations	26,895,217	57,150	26,952,367	26,195,517	3,510,040	-
Budget as Adopted	26,895,217	-	26,895,217			
Added by N.J.S. 40A:4-87 Emergency Appropriations	-	-	-			
	-	57,150	57,150			
	26,895,217	57,150	26,952,367			
	-	-	-			

BOROUGH OF LODI
TRUST FUND
COMPARATIVE BALANCE SHEET (REGULATORY BASIS)
AS OF DECEMBER 31, 2018 AND 2017

<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Animal Control Trust</u>		
<u>Assets</u>		
Cash - Animal Control Trust Account	\$ 22,630	\$ 19,863
<u>Reserves</u>		
Reserve for Animal Control Expenditures	\$ 22,630	\$ 19,863
<u>LOSAP Trust</u>		
<u>Assets</u>		
Deferred Compensation Fund Assets	\$ 448,167	\$ 482,870
<u>Reserves</u>		
Reserve for Deferred Compensation Plan	\$ 448,167	\$ 482,870
<u>Other Trust</u>		
<u>Assets</u>		
Cash:		
Trust Account	\$ 3,041,803	\$ 1,884,672
Referee & Umpire Trust Account	2,508	7,022
Developer's Escrow Trust Account	527,963	467,834
Employee Benefit Trust Account	(917)	3,903
Flexible Spending Account	3,812	3,823
Paper Bonds	1,901,503	1,418,533
Due from - Grant Fund	744	744
Overexpenditures	-	18,446
	<u>\$ 5,477,416</u>	<u>\$ 3,804,977</u>
<u>Liabilities and Reserves</u>		
Paper Bonds	\$ 1,901,503	\$ 1,418,533
Due to - Current Fund	1,269,362	-
Miscellaneous Reserves	B-1 2,306,551	2,386,444
	<u>\$ 5,477,416</u>	<u>\$ 3,804,977</u>

BOROUGH OF LODI
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET (REGULATORY BASIS)
AS OF DECEMBER 31, 2018 AND 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash - General Capital Account.....	C-2:C-	\$ 1,545,163	\$ 3,372,543
Grants Receivable.....	C-4	929,598	929,598
Due from - Current Fund.....	C-5	188,466	-
Deferred Charges to Future Taxation - Funded.....	C-6	14,634,296	15,745,817
Deferred Charges to Future Taxation - Unfunded.....	C-7	10,227,850	6,470,000
		<u>\$ 27,525,373</u>	<u>\$ 26,517,958</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable.....	C-8	\$ 14,295,000	\$ 15,370,000
Loans Payable.....	C-9	339,296	375,817
Bond Anticipation Notes Payable.....	C-10	6,200,000	6,470,000
Improvement Authorizations - Funded.....	C-11	2,585,492	3,362,136
Improvement Authorizations - Unfunded.....	C-11	3,515,677	285,097
Capital Improvement Fund.....	C-12	630	65,630
Reserve for Debt Service.....	C-13	361,251	361,251
Fund Balance.....	C-1	228,027	228,027
		<u>\$ 27,525,373</u>	<u>26,517,958</u>
		-	-
There were bonds and notes authorized but not issued on December 31, in the amounts of.....	C-14	<u>\$ 4,027,850</u>	<u>-</u>

BOROUGH OF LODI
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE (REGULATORY BASIS)
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Fund Balance, January 1.....	C	\$ 228,027	\$ 228,027
Increased by:			
		-	-
		-	-
		<u>-</u>	<u>-</u>
		228,027	228,027
Decreased by:			
		-	-
		-	-
		<u>-</u>	<u>-</u>
Fund Balance, December 31.....	C	<u>\$ 228,027</u>	<u>\$ 228,027</u>

BOROUGH OF LODI
GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET (REGULATORY BASIS)
AS OF DECEMBER 31, 2018 AND 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Land.....	D-1	\$ 19,808,800	\$ 19,795,300
Buildings & Improvements.....	D-1	10,270,729	10,263,700
Machinery and Equipment.....	D-1	1,106,321	2,294,745
Vehicles.....	D-1	5,741,902	3,908,000
		<u>\$ 36,927,752</u>	<u>\$ 36,261,745</u>
 <u>Fund Balance</u>			
Investment in General Fixed Assets.....	D-1	<u>\$ 36,927,752</u>	<u>\$ 36,261,745</u>
		-	-

BOROUGH OF LODI
GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE (REGULATORY BASIS)
YEARS ENDED DECEMBER 31, 2018 AND 2017

	Balance December 31, 2017	Additions	Retirements	Adjustments	Balance December 31, 2018
Land.....	\$ 19,795,300	\$ -	\$ -	\$ 13,500	\$ 19,808,800
Buildings & Improvements.....	10,263,700	-	-	7,029	10,270,729
Machinery and Equipment.....	2,294,745	-	-	(1,188,424)	1,106,321
Vehicles.....	3,908,000	-	-	1,833,902	5,741,902
	<u>\$ 36,261,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 666,007</u>	<u>\$ 36,927,752</u>
<i>Ref.</i>	D			(A)	D

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

(A) Adjustments to new physical inventory balances established by TPA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY, ORGANIZATION AND FUNCTION

A. Reporting Entity

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 oversees 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.

B. Component Units

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library and volunteer ambulance squad, or redevelopment agency, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

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 unit would have been either blended or discretely presented with the financial statements of the municipality:

Free Public Library

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 "NJ 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.

Grant Fund - The 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Budgets and Budgetary Accounting

The municipality must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten (10) days prior to the hearing in a newspaper published and circulated in the municipality. The public hearing must not be held less than twenty-eight (28) days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last 2 months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Revenues

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

M. Property Tax Revenues

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

N. School Taxes

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

O. County Taxes

The municipality is responsible for levying, collecting and remitting 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the municipality's annual budget protects from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Q. Expenditures

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

R. Compensated Absences and Postemployment Benefits

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

S. Total Columns on Combined Statements

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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)

GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. New Reporting Standard (s) (Continued)

GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

GASB No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pension, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

A. Deposits

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

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

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

<u>Year</u>	<u>Bank Balance</u>	<u>Book Balance</u>
2018	\$ 15,695,509	\$ 15,681,475
2017	\$ 16,216,859	\$ 16,331,801

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2018 and 2017, the Borough's bank balances were not exposed to custodial credit risk.

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. At December 31, 2018 the Borough did not have any cash deposited with the New Jersey Cash Management Fund.

NOTE 4 - INVESTMENTS

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2018 and 2017, the Borough did not hold any investments:

NOTE 5 - FIXED ASSETS

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

<u>2018</u>	Balance December 31, 2017	Additions	Retirements	Adjustments	Balance December 31, 2018
Land.....	\$ 19,795,300	\$ -	\$ -	\$ 13,500	\$ 19,808,800
Buildings & Improvements.....	10,263,700	-	-	7,029	10,270,729
Machinery and Equipment.....	2,294,745	-	-	(1,188,424)	1,106,321
Vehicles.....	3,908,000	-	-	1,833,902	5,741,902
	<u>\$ 36,261,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 666,007</u>	<u>\$ 36,927,752</u>

(A)

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

(A) Adjustments to new physical inventory balances established by TPA

NOTE 6 - MUNICIPAL DEBT

A. Types of Municipal 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 Anticipated Notes - Bond Anticipation Note ("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.

Loans - Loans issued are retired in accordance with the issuer's amortization requirements.

NOTE 6 - MUNICIPAL DEBT

The Borough's long term debt consisted of the following at December 31, 2018:

General Serial Bonds:

\$11,350,000 - General Obligation Bonds Series 2013 issued 4/15/2013 payable in annual installments through 4/15/2028. Interest is paid semi-annually at varying rates from 1.00% to 3.00% per annum. The balance remaining on this issue as of December 31, 2018 is \$8,225,000.

\$6,470,000 - General Obligation Bonds Series 2017 issued 11/1/2017 payable in annual installments through 11/1/2030. Interest is paid semi-annually at varying rates from 1.05% to 3.00% per annum. The balance remaining on this issue as of December 31, 2018 is \$6,070,000.

\$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, 2018 is \$101,970.

\$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, 2018 is \$126,321.

\$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, 2018 is \$111,005.

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 - MUNICIPAL DEBT

B. Summary of Debt and Remaining Borrowing Power

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

	<u>2018</u>	<u>2017</u>
<i>Issued:</i>		
School Bonds and Notes.....	\$ -	\$ -
General Bonds	14,295,000	15,370,000
Loans.....	339,296	375,817
Bond Anticipation Notes - General.....	6,200,000	6,470,000
	<u>20,834,296</u>	<u>22,215,817</u>
<i>Authorized but not Issued:</i>		
School Bonds and Notes.....	-	-
General Bonds and Notes.....	4,027,850	-
	<u>4,027,850</u>	<u>-</u>
Gross Debt.....	<u>24,862,146</u>	<u>22,215,817</u>
Deductions.....	<u>760,000</u>	<u>-</u>
Net Debt.....	<u>\$ 24,102,146</u>	<u>\$ 22,215,817</u>
Equalized Valuation Basis.....	\$ 2,264,804,984	\$ 2,154,479,472
Statutory Net Debt Percentage.....	1.064%	1.031%
3-1/2% of Equalized Valuation Basis.....	\$ 79,268,174	\$ 75,406,782
Remaining Borrowing Power.....	\$ 55,166,028	\$ 53,190,965

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 - MUNICIPAL DEBT

C. Long-Term Bonded Debt Service Requirements to Maturity

General Obligation Bonds

<u>Calendar Year</u>	4/15/2013		11/1/2017	
	General Improvement Bonds		General Improvement Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	700,000	198,094	410,000	143,569
2020	725,000	183,844	420,000	135,369
2021	750,000	169,094	430,000	126,969
2022	775,000	153,843	450,000	118,369
2023	800,000	137,594	475,000	109,369
2024	825,000	119,297	500,000	99,869
2025	850,000	96,750	510,000	89,869
2026	875,000	70,875	525,000	79,030
2027	925,000	43,875	525,000	67,218
2028	1,000,000	15,000	525,000	54,750
2029	-	-	650,000	39,000
2030	-	-	650,000	19,500
	<u>\$ 8,225,000</u>	<u>\$ 1,188,266</u>	<u>\$ 6,070,000</u>	<u>\$ 1,082,881</u>

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 - MUNICIPAL DEBT

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

General Obligation Bonds Continued)

<u>Calendar Year</u>	<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>
2019	1,110,000	341,663
2020	1,145,000	319,213
2021	1,180,000	296,063
2022	1,225,000	272,212
2023	1,275,000	246,963
2024	1,325,000	219,166
2025	1,360,000	186,619
2026	1,400,000	149,905
2027	1,450,000	111,093
2028	1,525,000	69,750
2029	650,000	39,000
2030	650,000	19,500
	<u>\$ 14,295,000</u>	<u>\$ 2,271,147</u>

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 - MUNICIPAL DEBT

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

Loans

<u>Calendar Year</u>	<u>10/15/07 Green Trust Loan Kennedy Park Improvements</u>		<u>8/27/09 Green Trust Loan Memorial Park Improvements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	10,449	1,987	12,945	2,462
2020	10,659	1,777	13,205	2,202
2021	10,874	1,563	13,470	1,937
2022	11,092	1,345	13,741	1,666
2023	11,315	1,122	14,017	1,389
2024	11,542	894	14,299	1,108
2025	11,774	662	14,586	820
2026	12,011	426	14,880	527
2027	12,254	184	15,178	228
	<u>\$ 101,970</u>	<u>\$ 9,960</u>	<u>\$ 126,321</u>	<u>\$ 12,339</u>

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 - MUNICIPAL DEBT

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

Loans (Continued)

<u>Calendar Year</u>	<u>6/5/06 Green Trust Loan Memorial Park Improvements</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	13,861	2,151	37,255	6,600
2020	14,140	1,873	38,004	5,852
2021	14,424	1,588	38,768	5,088
2022	14,714	1,298	39,547	4,309
2023	15,009	1,003	40,341	3,514
2024	15,311	701	41,152	2,703
2025	15,619	394	41,979	1,876
2026	7,927	79	34,818	1,032
2027	-	-	27,432	412
	<u>\$ 111,005</u>	<u>\$ 9,087</u>	<u>\$ 339,296</u>	<u>\$ 31,386</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 - MUNICIPAL DEBT

D. Summary of Changes in Municipal Debt

General Debt

<u>2018</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Short-Term Debt:</i>					
Bond Anticipation Notes.....	\$ 6,470,000	\$ 6,200,000	\$ 6,470,000	\$ 6,200,000	\$ 6,200,000
<i>Long-Term Debt:</i>					
Serial Bonds.....	15,370,000	-	1,075,000	14,295,000	1,110,000
Loans.....	375,817	-	36,521	339,296	37,255
Authorized/not Issued.....	-	4,027,850	-	4,027,850	-
	<u>15,745,817</u>	<u>4,027,850</u>	<u>1,111,521</u>	<u>18,662,146</u>	<u>1,147,255</u>
	<u>\$ 22,215,817</u>	<u>\$ 10,227,850</u>	<u>\$ 7,581,521</u>	<u>\$ 24,862,146</u>	<u>\$ 7,347,255</u>

<u>2017</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Short-Term Debt:</i>					
Bond Anticipation Notes.....	\$ 12,171,000	\$ 95,000	\$ 5,796,000	\$ 6,470,000	\$ 6,470,000
<i>Long-Term Debt:</i>					
Serial Bonds.....	10,100,000	6,470,000	1,200,000	15,370,000	1,075,000
Loans.....	432,852	-	57,035	375,817	36,521
Authorized/not Issued.....	95,000	945,000	1,040,000	-	-
	<u>10,627,852</u>	<u>7,415,000</u>	<u>2,297,035</u>	<u>15,745,817</u>	<u>1,111,521</u>
	<u>\$ 22,798,852</u>	<u>\$ 7,510,000</u>	<u>\$ 8,093,035</u>	<u>\$ 22,215,817</u>	<u>\$ 7,581,521</u>

BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 - MUNICIPAL DEBT

E. Summary of Changes in Other Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

Changes in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

	Beginning			Ending	Due
<u>2018</u>	Balance	Additions	Reductions	Balance	Within
					One Year
Compensated Absences.....	\$ 4,600,000	\$ 599,086	\$ 241,396	\$ 4,957,690	\$ -
Net Pension Liability - PFRS....	24,148,749	-	2,318,631	21,830,118	-
Net Pension Liability - PERS...	10,220,535	-	1,807,398	8,413,137	-
Net OPEB Liability.....	16,150,930	-	3,292,553	12,858,377	-
	<u>\$ 55,120,214</u>	<u>\$ 599,086</u>	<u>\$ 7,659,978</u>	<u>\$ 48,059,322</u>	<u>\$ -</u>

	Beginning			Ending	Due
<u>2017</u>	Balance	Additions	Reductions	Balance	Within
					One Year
Compensated Absences.....	\$ 4,223,461	\$ 500,000	\$ 123,461	\$ 4,600,000	\$ -
Net Pension Liability - PFRS....	28,679,283	-	4,530,534	24,148,749	-
Net Pension Liability - PERS...	13,727,381	-	3,506,846	10,220,535	-
Net OPEB Liability.....	18,986,276	-	2,835,346	16,150,930	-
	<u>\$ 65,616,401</u>	<u>\$ 500,000</u>	<u>\$ 10,996,187</u>	<u>\$ 55,120,214</u>	<u>\$ -</u>

Year end compensated absence balances include all potential contractual amounts due upon retirement, including those accruing as of January 1 of the subsequent fiscal year.

2017 compensated absence data are estimated amounts due to incomplete records. Complete records were maintained for 2018.

Note 7 - Risk Management

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

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

Unemployment expenditures for the past 3 years are as follows:

CY2018 - \$ 1,343
CY2017 - \$ 0
CY2016 - \$ 1,496

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 - INTERFUNDS

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

<u>2018</u>	Interfunds Receivable	Interfunds Payable
Current Fund.....	\$ 1,269,362	\$ 616,919
Grant Fund.....	428,453	744
Trust Fund.....	744	1,269,362
General Capital Fund.....	188,466	-
	\$ 1,887,025	\$ 1,887,025

<u>2017</u>	Interfunds Receivable	Interfunds Payable
Current Fund.....	\$ -	\$ 14,736
Grant Fund.....	14,736	744
Trust Fund.....	744	-
General Capital Fund.....	-	-
	\$ 15,480	\$ 15,480

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 9 - DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are shown on the Borough's various balance sheets:

<u>2018</u>	<u>Balance December 31,</u>	<u>Appropriated in Subsequent Year's Budget</u>	<u>Balance to Succeeding</u>
Current Fund:			
Emergency Authorizations (40A:4-47).....	\$ 57,150	\$ 57,150	\$ -
Special Emergency Authorizations (40A:4-53).....	528,000	264,000	264,000
	<u>\$ 585,150</u>	<u>\$ 321,150</u>	<u>\$ 264,000</u>
<u>2017</u>	<u>Balance December 31,</u>	<u>Appropriated in Subsequent Year's Budget</u>	<u>Balance to Succeeding</u>
Current Fund:			
Special Emergency Authorizations (40A:4-53).....	\$ 792,000	\$ 264,000	\$ 528,000
	<u>\$ 792,000</u>	<u>\$ 264,000</u>	<u>\$ 528,000</u>
Trust Fund:			
Overexpenditures.....	\$ 18,446	\$ 18,446	\$ -
	<u>\$ 18,446</u>	<u>\$ 18,446</u>	<u>\$ -</u>

NOTE 10 - RETIREMENT PLANS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS)

Established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS)

Established in January 1955, under the provisions of N.J.S.A. 43: 15A to provide coverage, including post-retirement health care for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP)

Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation. According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

NOTE 10 - RETIREMENT PLANS

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively. The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

NOTE 10 - RETIREMENT PLANS

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2018 and 2017 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

During the years ended December 31, 2018, 2017 and 2016, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended December 31,</u>	<u>PFRS</u>	<u>PERS</u>
2018	\$ 1,384,376	\$ 411,541
2017	\$ 1,224,097	\$ 413,810
2016	\$ 1,285,000	\$ 378,974

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 - RETIREMENT PLANS

Police and Firemen's Retirement System (PFRS)

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

	<u>2018</u>		<u>2017</u>	
	<u>Liability</u>	<u>Actuarial Valuation Percentage</u>	<u>Liability</u>	<u>Actuarial Valuation Percentage</u>
The Borough's PFRS liability and proportionate share at December 31 was.....	\$ 21,830,118	0.161326375	\$ 24,148,749	0.156423404

	<u>2018</u>		<u>2017</u>	
	<u>Actuarial Valuation</u>	<u>Actual Contributions</u>	<u>Actuarial Valuation</u>	<u>Actual Contributions</u>
The Borough's pension expense calculations for years ended December 31, were.....	\$ 1,881,286	\$ 1,384,376	\$ 11,882,067	\$ 1,224,097

The Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension; which are not reported on the Borough's financial statements are from the following sources at December 31:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ -	\$ 90,338	\$ 156,663	\$ 141,733
Changes of assumptions.....	222,093	5,594,682	2,977,810	3,954,859
Net difference between projected and actual earnings on pension plan investments.....	1,873,822	119,431	460,815	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions.....	1,438,826	561,613	1,093,633	800,918
Total	<u>\$ 3,534,741</u>	<u>\$ 6,366,064</u>	<u>\$ 4,688,921</u>	<u>\$ 4,897,510</u>

NOTE 10 - RETIREMENT PLANS

Police and Firemen's Retirement System (PFRS)

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

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2018	2017
Inflation	2.25%	2.25%
Salary Increases:		
Thru 2026	2.10% - 8.98% based on age	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age	3.10% - 9.98% based on age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

NOTE 10 - RETIREMENT PLANS

Police and Firemen's Retirement System (PFRS)

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following tables:

Asset Class	2018		2017	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%	5.00%	5.51%
Cash equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment grade credit	10.00%	3.78%	10.00%	3.78%
Public high yield	2.50%	6.82%	2.50%	6.82%
Global diversified credit	5.00%	7.10%	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%	1.00%	6.60%
Debt related private equity	2.00%	10.63%	2.00%	10.63%
Debt related real estate	1.00%	6.61%	1.00%	6.61%
Private real asset	2.50%	11.83%	2.50%	11.83%
Equity related real estate	6.25%	9.23%	6.25%	9.23%
U.S. equity	30.00%	8.19%	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%	11.50%	9.00%
Emerging markets equity	6.50%	11.64%	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%	8.25%	13.08%
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 10 - RETIREMENT PLANS

Police and Firemen's Retirement System (PFRS)

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

Discount Rate

	2018		2017	
	Measurement Date	Discount Rate	Measurement Date	Discount Rate
The discount rate used to measure total pension liabilities was as follows.....	06/30/18	6.51%	06/30/17	6.14%

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

	2018	2017
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

*The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AAa or higher.

NOTE 10 - RETIREMENT PLANS

Police and Firemen's Retirement System (PFRS)

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

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

<u>2018</u>	1.00% Decrease <u>5.51%</u>	Current Discount Rate <u>6.51%</u>	1.00% Increase <u>7.51%</u>
The Borough's Proportionate Share of the PFRS Net Pension Liability.....	<u>\$ 22,063,620</u>	<u>\$ 21,830,118</u>	<u>\$ 21,710,775</u>
<u>2017</u>	1.00% Decrease <u>5.14%</u>	Current Discount Rate <u>6.14%</u>	1.00% Increase <u>7.14%</u>
The Borough's Proportionate Share of the PFRS Net Pension Liability.....	<u>\$ 24,406,034</u>	<u>\$ 24,148,749</u>	<u>\$ 24,004,257</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

NOTE 10 - RETIREMENT PLANS

Police and Firemen's Retirement System (PFRS)

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 20 I, P.L. 200 I. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$14,286,712 and \$13,312,838, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$1,692,238 and \$1,628,461, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$846,118 and \$665,698, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was 0.7772751731 percent, which was an increase of .00738 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .7698871067 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. report may be accessed via the New Jersey, Division of Pensions and Benefits, website www.state.nj.us/treasury/pensions.

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 - RETIREMENT PLANS

Public Employees' Retirement System (PERS)

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

	<u>2018</u>		<u>2017</u>	
	<u>Liability</u>	<u>Actuarial Valuation Percentage</u>	<u>Liability</u>	<u>Actuarial Valuation Percentage</u>
The Borough's PERS liability and proportionate share at December 31 was.....	\$ 8,413,137	0.04272905	\$ 10,220,535	0.043905655

	<u>2018</u>		<u>2017</u>	
	<u>Actuarial Valuation</u>	<u>Actual Contributions</u>	<u>Actuarial Valuation</u>	<u>Actual Contributions</u>
The Borough's pension expense calculations for years ended December 31, were.....	\$ 526,126	\$ 411,541	\$ 526,934	\$ 413,810

The Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension; which are not reported on the Borough's financial statements are from the following sources at December 31:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 160,440	\$ 48,164	\$ 240,658	\$ -
Changes of assumptions.....	1,386,346	2,986,692	2,059,086	2,051,537
Net difference between projected and actual earnings on pension plan investments.....	-	87,617	69,595	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions.....	294,408	191,529	425,589	1,058,085
Total	<u>\$ 1,841,194</u>	<u>\$ 3,314,002</u>	<u>\$ 2,794,928</u>	<u>\$ 3,109,622</u>

NOTE 10 - RETIREMENT PLANS

Public Employees' Retirement System (PERS)

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

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2018	2017
Inflation	2.25%	2.25%
Salary Increases:		
Thru 2026	1.65% - 4.15% based on age	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age	2.65% - 5.15% based on age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

NOTE 10 - RETIREMENT PLANS

Public Employees' Retirement System (PERS)

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following tables:

Asset Class	2018		2017	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%	5.00%	5.51%
Cash equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment grade credit	10.00%	3.78%	10.00%	3.78%
Public high yield	2.50%	6.82%	2.50%	6.82%
Global diversified credit	5.00%	7.10%	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%	1.00%	6.60%
Debt related private equity	2.00%	10.63%	2.00%	10.63%
Debt related real estate	1.00%	6.61%	1.00%	6.61%
Private real asset	2.50%	11.83%	2.50%	11.83%
Equity related real estate	6.25%	9.23%	6.25%	9.23%
U.S. equity	30.00%	8.19%	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%	11.50%	9.00%
Emerging markets equity	6.50%	11.64%	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%	8.25%	13.08%
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 10 - RETIREMENT PLANS

Public Employees' Retirement System (PERS)

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

Discount Rate

	2018		2017	
	Measurement Date	Discount Rate	Measurement Date	Discount Rate
The discount rate used to measure total pension liabilities was as follows.....	06/30/18	5.66%	06/30/17	5.00%

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	2018	2017
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

*The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AAa or higher.

NOTE 10 - RETIREMENT PLANS

Public Employees' Retirement System (PERS)

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

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

<u>2018</u>	1.00% Decrease <u>4.66%</u>	Current Discount Rate <u>5.66%</u>	1.00% Increase <u>6.66%</u>
The Borough's Proportionate Share of the PERS Net Pension Liability.....	<u>\$ 8,502,316</u>	<u>\$ 8,413,137</u>	<u>\$ 8,323,959</u>
<u>2017</u>	1.00% Decrease <u>4.00%</u>	Current Discount Rate <u>5.00%</u>	1.00% Increase <u>6.00%</u>
The Borough's Proportionate Share of the PERS Net Pension Liability.....	<u>\$ 10,328,120</u>	<u>\$ 10,220,535</u>	<u>\$ 10,112,951</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. report may be accessed via the New Jersey, Division of Pensions and Benefits, website www.state.nj.us/treasury/pensions.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

State Health Benefit Program Fund- Local Government Retired (the Plan) (including Prescription Drug Program Fund) - The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treaswy/pensions/fmancial-reports.shtml>.

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

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on Jw1e 28, 20 II will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2018 and 2017 is \$15.7 billion and \$20.4 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.97% and 1.03%, respectively. The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017.

Actuarial Methods and Assumptions

In the June 30, 2017 and 2016 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is the belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$421.2 million and \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$53.5 million and \$53.1 million for fiscal years 2018 and 2017, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund. Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were \$960,223, \$987,417 and \$921,186, respectively, which equaled the required contributions for each year.

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

	2018		2017	
	Liability	Actuarial Valuation Percentage	Liability	Actuarial Valuation Percentage
The Borough's OPEB (0937-00) liability and proportionate share at December 31 was.....	<u>\$ 12,858,377</u>	<u>0.082075</u>	<u>\$ 16,150,930</u>	<u>0.07911</u>

	2018		2017	
	Actuarial Valuation	Actual Contributions	Actuarial Valuation	Actual Contributions
The Borough's OPEB expense calculations for years ended December 31, were.....	<u>\$ 500,442</u>	<u>\$ 924,456</u>	<u>\$ 879,548</u>	<u>\$ 945,096</u>

The Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension; which are not reported on the Borough's financial statements are from the following sources at December 31:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.....	\$ -	\$ 2,610,709	\$ -	\$ -
Changes of assumptions.....	-	3,261,696	-	1,792,616
Net difference between projected and actual earnings on pension plan investments.....	6,795	-	2,768	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions.....	589,805	1,356,438	-	1,581,014
Total	<u>\$ 596,600</u>	<u>\$ 7,228,843</u>	<u>\$ 2,768</u>	<u>\$ 3,373,630</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2018	2017
Inflation	2.50%	2.50%
Salary Increases:		
Thru 2026	1.65% - 8.98% based on age	1.65% - 8.98% based on age
Thereafter	2.65% - 9.98% based on age	2.65% - 9.98% based on age
Long-Term Rate of Return	1.00%	1.00%
Mortality Rate Table	RP-2006	RP-2006

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

For the June 30, 2017 measurement date healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2018 and 2017, respectively.

Discount Rate

	2018		2017	
	Measurement Date	Discount Rate	Measurement Date	Discount Rate
The discount rate used to measure total OPEB liabilities was as follows.....	06/30/18	3.87%	06/30/17	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AAJ Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the discount rate of 3.87% and 3.58%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.87% and 2.58%, respectively or 1-percentage-point higher 4.87% and 4.58%, respectively than the current rate:

<u>2018</u>	1.00% Decrease <u>2.87%</u>	Current Discount Rate <u>3.87%</u>	1.00% Increase <u>4.87%</u>
The Borough's Proportionate Share of the Net OPEB Liability.....	<u>\$ -</u>	<u>\$ 12,858,377</u>	<u>\$ -</u>
<u>2017</u>	1.00% Decrease <u>2.58%</u>	Current Discount Rate <u>3.58%</u>	1.00% Increase <u>4.58%</u>
The Borough's Proportionate Share of the Net OPEB Liability.....	<u>\$ 15,734,236</u>	<u>\$ 16,150,930</u>	<u>\$ 15,411,217</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

2018

	<u>1.00% Decrease</u>	<u>Healthcare Costs Trend Rates</u>	<u>1.00% Increase</u>
The Borough's Proportionate Share of the Net OPEB Liability.....	<u>\$ 12,986,961</u>	<u>\$ 12,858,377</u>	<u>\$ 12,729,793</u>

2017

	<u>1.00% Decrease</u>	<u>Healthcare Costs Trend Rates</u>	<u>1.00% Increase</u>
The Borough's Proportionate Share of the Net OPEB Liability.....	<u>\$ 16,312,439</u>	<u>\$ 16,150,930</u>	<u>\$ 15,989,421</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$12,245,748 and \$17,806,293, respectively. For the years ended December 31, 2018 and 2017 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$370,693 and \$1,274,327, respectively. At December 31, 2018, (measurement date June 30, 2018), the State's share of the OPEB liability attributable to the Borough was .197072 percent, which was a decrease of .7706 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .204778 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. report may be accessed via the New Jersey, Division of Pensions and Benefits, website www.state.nj.us/treasury/pensions.

NOTE 12 - CONTINGENCIES

A. Litigation

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

B. Tax Appeals

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the prescribed accounting principles, the Borough does not recognize any liability, until the cases have been adjudicated. The Borough expects such amounts, if any, to be material. Funding of any liability would be provided for in succeeding years' budgets, from fund balance or by issuance of refunding bonds.

C. Federal and State Awards

The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the grantor agency. If expenditures are disallowed, the Borough may be required to reimburse the grantor agency. As of December 31, 2018, significant amounts of grant expenditures have not been audited. The Borough believes that any future disallowed expenditures will not have a material effect on its financial position.

D. Federal Arbitrage Rebate

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

BOROUGH OF LODI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 - FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2018		2017	
	Fund Balance December 31,	Utilized in Subsequent Years' Budget	Fund Balance December 31,	Utilized in Subsequent Years' Budget
Current Fund:				
Cash Surplus	\$ 8,700,242	\$ 4,453,981	\$ 8,552,408	\$ 2,143,446
Non-Cash Surplus	-	-	-	-
	\$ 8,700,242	\$ 4,453,981	\$ 8,552,408	\$ 2,143,446

NOTE 14 - ECONOMIC DEPENDENCY

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

NOTE 15 - SUBSEQUENT EVENTS

As of the date of this report, there were no material subsequent events requiring disclosure.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF LODI
CURRENT FUND
STATEMENT OF CHANGE FUNDS
YEAR ENDED DECEMBER 31, 2018

Balance, December 31, 2017.....		\$	500
Increased by:			
	<u>-</u>		<u>-</u>
			500
Decreased by:			
	<u>-</u>		<u>-</u>
Balance, December 31, 2018.....		<u>\$</u>	<u>500</u>

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF DELINQUENT PROPERTY TAXES RECEIVABLE
 YEAR ENDED DECEMBER 31, 2018

Year	Balance	2018	Cash Received		Vets & SC Deductions	To	Cancelled & Adjusted	Balance
	December 31, 2017		Levied	2017		2018		TTL
2017	\$ 168,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,004	\$ 83,661
2018	-	63,554,643	1,066,502	61,957,289	119,104	48,409	349,072	\$ 14,267
	<u>\$ 168,665</u>	<u>\$ 63,554,643</u>	<u>\$ 1,066,502</u>	<u>\$ 61,957,289</u>	<u>\$ 119,104</u>	<u>\$ 48,409</u>	<u>\$ 434,076</u>	<u>\$ 97,928</u>

Analysis of 2018 Property Tax Levy

Tax Yield:

General Purpose Tax	62,990,740
Omitted Taxes (N.J.S.A. 54:4-63.12 et. seq.)	2,324
Added Taxes (N.J.S.A. 54:4-63.1 et. seq.)	561,579
	<u>63,554,643</u>

Tax Levy:

Local District School Tax	38,580,231
County Tax.....	5,391,619
County Open Space Tax	230,115
Municipal Levy...	18,009,557
Library Levy.....	759,873
	<u>62,971,395</u>
Duplicate Rounding	19,345
Omitted Taxes (N.J.S.A. 54:4-63.12 et. seq.)	2,324
Added Taxes (N.J.S.A. 54:4-63.1 et. seq.)	561,579
	<u>63,554,643</u>

BOROUGH OF LODI
CURRENT FUND
STATEMENT OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION
YEAR ENDED DECEMBER 31, 2018

Balance, December 31, 2017.....		\$	18,247
Increased by:			
	<u>-</u>		<u>-</u>
			18,247
Decreased by:			
	<u>-</u>		<u>-</u>
Balance, December 31, 2018.....		<u>\$</u>	<u>18,247</u>

BOROUGH OF LODI
 CURRENT FUND
 STATEMENT OF DEFERRED CHARGES
 YEAR ENDED DECEMBER 31, 2018

Purpose	Amount Authorized	1/5 of Amount Authorized	Balance December 31, 2017	Authorized	Reduced by Budget Appropriation	Adjustments	Balance December 31, 2018
<i>Emergency Authorizations (40A:4-47):</i>							
CIF	50,000		\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
CIF	7,150		-	7,150	-	-	7,150
			-	57,150	-	-	57,150
<i>N.J.S.A. 40A:4-53 Special Emergency Authorizations:</i>							
Re-Assessment	950,000	190,000	570,000	-	190,000	-	380,000
			\$ 570,000	\$ 57,150	\$ 190,000	\$ -	\$ 437,150

BOROUGH OF LODI
GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

Program	Balance December 31, 2017	Revenue Realized	Cash Received	Unappropriated Reserve Applied	Adjustments	Balance December 31, 2018
NJ Municipal Alliance on Alcoholism and Drug Abuse	\$ 11,677	\$ -	\$ 10,526	\$ -	\$ (1,151)	\$ -
NJ Recycling Tonnage Grant	-	22,355	-	22,355	-	-
NJ Body Armor Replacement Program	-	4,196	-	4,196	-	-
NJ Clean Communities Program	-	39,452	-	39,452	-	-
NJ Alcohol Education & Rehabilitation Program	-	5,083	-	5,083	-	-
Bergen County Prosecutor's Office - Confiscated Funds	35,774	-	29,157	-	-	6,617
	<u>\$ 47,451</u>	<u>\$ 71,086</u>	<u>\$ 39,683</u>	<u>\$ 71,086</u>	<u>\$ (1,151)</u>	<u>\$ 6,617</u>

BOROUGH OF LODI
 GRANT FUND
 SCHEDULE OF APPROPRIATED RESERVES
 YEAR ENDED DECEMBER 31, 2018

Program	Balance December 31, 2017	Amount Budgeted	Paid or Charged	Cancellations & Adjustments	Balance December 31, 2018
NJ Recycling Tonnage Grant	\$ 127,957	\$ 22,355	\$ 9,690	\$ -	\$ 140,622
NJ Body Armor Replacement Program	3,816	4,196	-	-	8,012
NJ Drunk Driving Enforcement Fund	13,674	-	564	-	13,110
NJ Municipal Alliance on Alcoholism and Drug Abuse (State)	11,269	-	11,269	-	-
NJ Municipal Alliance on Alcoholism and Drug Abuse (Local)	-	-	-	-	-
NJ Clean Communities Program	163,882	39,452	14,113	-	189,221
NJ Alcohol Education Rehabilitation Program	15,754	5,083	-	5,384	26,221
NJ Alcohol Education Rehabilitation Fund DWI - Municipal Court	7,303	-	812	811	7,302
B.C. Prosecutor Confiscated Funds	35,773	-	29,156	-	6,617
	<u>\$ 379,428</u>	<u>\$ 71,086</u>	<u>\$ 65,604</u>	<u>\$ 6,195</u>	<u>\$ 391,105</u>

BOROUGH OF LODI
 GRANT FUND
 SCHEDULE OF UNAPPROPRIATED RESERVES
 YEAR ENDED DECEMBER 31, 2018

Program	Balance December 31, 2017	Amount Budgeted	Amount Received	Adjustments	Balance December 31, 2018
NJ Alcohol Education Rehabilitation Fund	\$ 5,083	\$ 5,083	\$ 4,247	\$ -	\$ 4,247
NJ Recycling Tonnage Grant	22,355	22,355	-	-	-
NJ Clean Communities Program	39,452	39,452	37,764	-	37,764
NJ Body Armor Fund	4,196	4,196	-	-	-
	<u>\$ 71,086</u>	<u>\$ 71,086</u>	<u>\$ 42,011</u>	<u>\$ -</u>	<u>\$ 42,011</u>

TRUST FUND

BOROUGH OF LODI
 TRUST FUND
 STATEMENT OF TRUST FUND RESERVES
 YEAR ENDED DECEMBER 31, 2018

Purpose	Balance December 31, 2017	Receipts	Disbursements	Balance December 31, 2018
Employee Benefit	3,903	71,114	75,934	(917)
Recreation	7,022	5,016	9,530	2,508
Flexible Spending	3,823	1,968	1,979	3,812
Escrow Reserves	467,834	479,408	419,279	527,963
Reserve for April '07 Nor'easter Expenditur	4,935	-	-	4,935
Reserve for Code Enforcement Penalties	18,207	5,750	-	23,957
Reserve for Fire Department Penalties	45,190	35,280	77,216	3,254
Reserve for JIF Accreditation Program	11,895	-	-	11,895
Reserve for Lodi CATV	-	-	-	-
Reserve for Miscellaneous Trust Expenditu	37,022	3,583	3,880	36,725
Reserve for Outside Police Employment	107,273	1,312,665	325,250	1,094,688
Reserve for POAA Expenditures	65,777	6,660	5,673	66,764
Reserve for Public Defender Fees	25,964	7,840	2,877	30,927
Reserve for Tax Sale Premiums	1,587,599	-	1,087,559	500,040
Reserve for Uniform Fire Safety Expenditur	-	51,716	51,716	-
	<u>\$ 2,386,444</u>	<u>\$ 1,981,000</u>	<u>\$ 2,060,893</u>	<u>\$ 2,306,551</u>
<i>Ref.</i>	B			B

GENERAL CAPITAL FUND

BOROUGH OF LODI
GENERAL CAPITAL FUND
STATEMENT OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018

Improvement Description	Balance December 31, 2017	Improvement Authorized	Cash Received	Cancelled		Balance December 31, 2018
				Imp. Auth.	Deferred Charge	
Federal:						
Community Development	\$ 46,268	\$ -	\$ -	\$ -	\$ -	\$ 46,268
Community Development:						
#2014-07 2014 Road Recon. and Curb & Sidewalk Replacement Program	220,000	-	-	-	-	220,000
State:						
State of N.J. Department of Transportation	551,694	-	-	-	-	551,694
State of N.J. Department of Consumer Affairs	13,500	-	-	-	-	13,500
State of N.J. Department of Transportation:						
#2012-12 Church Street Resurfacing (NJDOT)	17,083	-	-	-	-	17,083
#2014-06 Resurfacing of Central Avenue - Phase I (NJDOT)	26,053	-	-	-	-	26,053
County:						
Bergen County Open Space:						
#2015-13 Improvements to Voto/Tedesco Field	55,000	-	-	-	-	55,000
Total Grants Receivable	\$ 929,598	\$ -	\$ -	\$ -	\$ -	\$ 929,598

BOROUGH OF LODI
 GENERAL CAPITAL FUND
 STATEMENT OF DUE FROM - CURRENT FUND
 YEAR ENDED DECEMBER 31, 2018

Balance, December 31, 2017.....		\$	-
Increased by:			
Loan Originating	<u>188,466</u>		<u>188,466</u>
			188,466
Decreased by:			
	<u>-</u>		<u>-</u>
Balance, December 31, 2018.....		\$	<u><u>188,466</u></u>

BOROUGH OF LODI
 GENERAL CAPITAL FUND
 STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
 YEAR ENDED DECEMBER 31, 2018

Date of Issue - Purpose	Interest Rate	Amount of Issue	Balance December 31, 2017	Issued	Paid by Budget Appropriation	Balance December 31, 2018
04/15/13 General Improvement Bonds	Various	11,350,000	\$ 8,900,000	\$ -	\$ 675,000	\$ 8,225,000
11/01/17 General Improvement Bonds	Various	6,470,000	6,470,000	-	400,000	6,070,000
10/15/07 Green Trust Loan (Kennedy Park Improvements)	2.00%	200,000	112,213	-	10,243	101,970
08/27/09 Green Trust Loan (Memorial Park Improvements)	2.00%	231,929	139,011	-	12,690	126,321
06/05/06 Green Trust Loan (Memorial Park Improvements)	2.00%	257,500	124,593	-	13,588	111,005
			<u>\$ 15,745,817</u>	<u>\$ -</u>	<u>\$ 1,111,521</u>	<u>\$ 14,634,296</u>

BOROUGH OF LODI
 GENERAL CAPITAL FUND
 STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
 YEAR ENDED DECEMBER 31, 2018

Improvement Description	Balance December 31, 2017	Authorized	Notes Paid by Budget Appropriation	Deferred Charges Paid by Budget Appropriation	Cash Receipts Applied	Transferred to Deferred Charges Funded	Adjustments	Balance December 31, 2018	Analysis of Balance		
									Financed by BANs	B&N Authorized	Deficit Cash Balance
#909-12 Downtown Redevelopment - Phase V	\$ 5,520,000	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 5,440,000	\$ 5,440,000	\$ -	\$ -
#2012-06 H.S. Turf Athletic Field	950,000	-	190,000	-	-	-	-	760,000	760,000	-	-
#2018-02 Stream Bank Stabilization - Supplemental	-	280,000	-	-	-	-	-	280,000	-	280,000	-
#2018-04 Improvements to Municipal Facilities	-	95,000	-	-	-	-	-	95,000	-	95,000	-
#2018-05 Acquisition of New Vehicles	-	95,000	-	-	-	-	-	95,000	-	95,000	-
#2018-06 Acquisition of New Equipment	-	140,000	-	-	-	-	-	140,000	-	140,000	-
#2018-07 2018 Road Reconstruction and Curb & Sidewalk Replacement Program (LOCAL)	-	285,000	-	-	-	-	-	285,000	-	285,000	-
#2018-08 Sanitary Sewer System Improvements	-	140,000	-	-	-	-	-	140,000	-	140,000	-
#2018-09 2018 Road Reconstruction and Curb & Sidewalk Replacement Program	-	140,000	-	-	-	-	-	140,000	-	140,000	-
#2018-15 HVAC Improvements at the Municipal Complex	-	235,000	-	-	-	-	-	235,000	-	235,000	-
#2018-21 Various Public Improvements	-	2,475,000	-	-	-	-	-	2,475,000	-	2,475,000	-
#2018-24 Sanitary Sewer Replacement	-	142,850	-	-	-	-	-	142,850	-	142,850	-
	<u>\$ 6,470,000</u>	<u>\$ 4,027,850</u>	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,227,850</u>	<u>\$ 6,200,000</u>	<u>\$ 4,027,850</u>	<u>\$ -</u>

Bond Anticipation Notes	6,470,000	6,200,000
Bonds and Notes Authorized but not Issued	-	4,027,850
	<u>6,470,000</u>	<u>10,227,850</u>
	-	-

BOROUGH OF LODI
 GENERAL CAPITAL FUND
 STATEMENT OF SERIAL BONDS PAYABLE
 YEAR ENDED DECEMBER 31, 2018

Date of Issue - Purpose	Interest Rate	Amount of Issue	Balance December 31, 2016	Issued	Paid by Budget Appropriation	Balance December 31, 2017
04/15/13 General Improvement Bonds	Various	11,350,000	\$ 8,900,000	\$ -	\$ 675,000	\$ 8,225,000
11/01/17 General Improvement Bonds	Various	6,470,000	6,470,000	-	400,000	6,070,000
			\$ 15,370,000	\$ -	\$ 1,075,000	\$ 14,295,000

BOROUGH OF LODI
 GENERAL CAPITAL FUND
 STATEMENT OF LOANS PAYABLE
 YEAR ENDED DECEMBER 31, 2018

Date of Issue - Purpose	Interest Rate	Amount of Issue	Balance December 31, 2017	Issued	Paid by Budget Appropriation	Balance December 31, 2018
10/15/07 Green Trust Loan (Kennedy Park Improvements)	2.00%	200,000	\$ 112,213	\$ -	\$ 10,243	\$ 101,970
08/27/09 Green Trust Loan (Memorial Park Improvements)	2.00%	231,929	139,011	-	12,690	126,321
06/05/06 Green Trust Loan (Memorial Park Improvements)	2.00%	257,500	124,593	-	13,588	111,005
			\$ 375,817	\$ -	\$ 36,521	\$ 339,296

BOROUGH OF LODI
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2018

Improvement Description	Amount of Original Note	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2017	Increased by		Decreased by		Serial Bonds Issued	Balance December 31, 2018
							New Cash	Renewal	Budget Appropriation Paydown	Renewal		
<u>No. 17-2R</u> #909-12 Downtown Redevelopment - Phase V	6,000,000	05/29/09	05/19/17	05/18/18	1.875%	\$ 5,520,000	\$ -	\$ -	\$ 80,000	\$ 5,440,000	\$ -	\$ -
<u>No. 18-2R</u> #909-12 Downtown Redevelopment - Phase V	6,000,000	05/29/09	05/18/18	05/17/19	2.510%	-	-	5,440,000	-	-	-	5,440,000
<u>No. 17-2R</u> #2012-06 Installation of Athletic Turf at LHS Stadium	1,710,000	12/13/13	10/20/17	02/15/18	1.000%	950,000	-	-	190,000	760,000	-	-
<u>No. 18-1R</u> #2012-06 Installation of Athletic Turf at LHS Stadium	1,710,000	12/13/13	02/15/18	02/15/19	1.750%	-	-	760,000	-	-	-	760,000
						<u>\$ 6,470,000</u>	<u>\$ -</u>	<u>\$ 6,200,000</u>	<u>\$ 270,000</u>	<u>\$ 6,200,000</u>	<u>\$ -</u>	<u>\$ 6,200,000</u>

BOROUGH OF LODI
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2018

Improvement Description	Ordinance	Adoption Date	Balance December 31, 2017		Authorized in 2018					Balance December 31, 2018		
			Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Grants/ Other	Paid or Charged	Canceled	Funded	Unfunded
#202-21 2001 Shade Tree Program		06/17/02	\$ 90,000	\$ 156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156	\$ -
#404-04 SFY 2004 Roadway Improvement Program		08/26/03	450,000	322	-	-	-	-	-	-	322	-
#404-05 Route 46 Redevelopment - Phase I (Supplementa		08/26/03	150,000	515	-	-	-	-	-	-	515	-
#505-19 Downtown Redevelopment - Phase III		04/25/05	600,000	1,726	-	-	-	-	478	-	1,248	-
#505-24 Improvement of Memorial Park (Supplemental)		06/24/05	100,000	171	-	-	-	-	-	-	171	-
#808-09 Downtown Redevelopment - Phase III (Suppleme		10/15/07	100,000	744	-	-	-	-	478	-	266	-
#808-24 Acquisition of New Street Sweeper		02/11/08	200,000	6,421	-	-	-	-	-	-	6,421	-
#909-11 Improvements to Sanitary Sewer System		03/26/09	500,000	58	-	-	-	-	-	-	58	-
#909-14 SFY 2009 Road, Curb & Sidewalk Program (Com		03/26/09	450,000	11	-	-	-	-	-	-	11	-
#909-20 SFY 2009 Road, Curb & Sidewalk Program (State		03/26/09	250,000	8,223	-	-	-	-	253	-	7,970	-
#2010-04 Improvements to Sanitary Sewer System		08/17/09	200,000	700	-	-	-	-	-	-	700	-
#2010-05 2009 Road, Curb & Sidewalk Program (Local)		08/17/09	100,000	12,568	-	-	-	-	479	-	12,089	-
#2010-06 2009 Road, Curb & Sidewalk Program (State)		08/17/09	200,000	107,032	-	-	-	-	-	-	107,032	-
#2010-07 2009 Road, Curb & Sidewalk Program (Commur		08/17/09	400,000	982	-	-	-	-	-	-	982	-
#2010-12 Refunding Bond Ordinance		10/20/09	820,000	-	19,230	-	-	-	-	-	-	19,230
#2010-28 Improvements to Sanitary Sewer System		08/16/10	450,000	1,578	-	-	-	-	414	-	1,164	-
#2010-30 2010 Road, Curb & Sidewalk Program (Commur		08/16/10	450,000	751	-	-	-	-	-	-	751	-
#2010-31 Acquisition of Various Equipment, Machinery & \		08/16/10	100,000	216	-	-	-	-	-	-	216	-
#2011-09 CY2011 Road Improvement Program (NJDOT)		08/16/11	180,000	20,216	-	-	-	-	-	-	20,216	-
#2011-10 Acquisition of Vehicles		08/16/11	100,000	493	-	-	-	-	-	-	493	-
#2011-11 Acquisition of Equipment		08/16/11	100,000	171	-	-	-	-	-	-	171	-
#2011-12 Improvements to Sanitary Sewer System		08/16/11	250,000	4	-	-	-	-	-	-	4	-
#2012-06 H.S. Turf Athletic Field		05/15/12	2,000,000	-	265,867	-	-	-	265,866	-	-	1
#2012-10 Acquisition of Vehicles		06/20/12	100,000	298	-	-	-	-	-	-	298	-
#2012-11 Acquisition of Machinery & Equipment		06/20/12	100,000	251	-	-	-	-	-	-	251	-
#2012-12 Church Street Resurfacing (NJDOT)		06/20/12	385,000	368,134	-	-	-	-	1,613	-	366,521	-
#2012-15 Improvement to Various Sanitary Sewer Lines		06/20/12	250,000	41,808	-	-	-	-	40,129	-	1,679	-
#2013-05 Acquisition of Equipment		07/16/13	100,000	265	-	-	-	-	-	-	265	-
#2013-06 Improvements to Sanitary Sewer System		07/16/13	250,000	90,822	-	-	-	-	414	-	90,408	-
#2013-07 2012 Road Reconstruction and Curb & Sidewalk		07/16/13	300,000	74,229	-	-	-	-	1,191	-	73,038	-
#2013-08 Acquisition of New Fire Pumper		07/16/13	800,000	699	-	-	-	-	-	-	699	-
#2014-02 Various Improvements to Municipal Facilities		07/15/14	250,000	637	-	-	-	-	-	-	637	-
#2014-04 Acquisition of New Equipment & Machinery for V		07/15/14	100,000	23	-	-	-	-	-	-	23	-
#2014-05 2014 Road Recon. and Curb & Sidewalk Replac		07/15/14	300,000	56,304	-	-	-	-	5,824	-	50,480	-
#2014-06 Resurfacing of Central Avenue - Phase I (NJDO		07/15/14	175,000	14	-	-	-	-	-	-	14	-
#2014-07 2014 Road Recon. and Curb & Sidewalk Replac		07/15/14	300,000	251,891	-	-	-	-	414	-	251,477	-
#2015-06 Acquisition of Equipment - Police Department		07/14/15	200,000	65	-	-	-	-	-	-	65	-
#2015-08 Improvements to Municipal Facilities		07/14/15	300,000	234	-	-	-	-	-	-	234	-
#2015-10 Acquisition of New Equipment & Machinery for V		07/14/15	150,000	8,380	-	-	-	-	7,117	-	1,263	-
#2015-11 2015 Road Recon. and Curb & Sidewalk Replac		07/14/15	300,000	88,613	-	-	-	-	3,000	-	85,613	-
#2015-12 Stream Bank Stabilization		07/14/15	200,000	149,516	-	-	-	-	72,709	-	76,807	-
#2015-13 Improvements to Voto/Tedesco Field		10/20/15	110,000	16,595	-	-	-	-	-	-	16,595	-

BOROUGH OF LODI
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2018

Improvement Description	Adoption Date	Amount	Balance December 31, 2017		Authorized in 2018					Balance December 31, 2018		
			Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Grants/ Other	Paid or Charged	Canceled	Funded	Unfunded	
#2016-11 Improvements to Municipal Facilities	08/09/16	100,000	21	-	-	-	-	-	-	-	21	-
#2016-12 Acquisition of New Automotive Vehicles	08/09/16	100,000	6,649	-	-	-	-	-	6,609	-	40	-
#2016-13 Acquisition of Various Equipment & Machinery	08/09/16	150,000	7,094	-	-	-	-	-	7,000	-	94	-
#2016-14 2106 Road Reconstruction	08/09/16	300,000	176,258	-	-	-	-	-	2,165	-	174,093	-
#2016-15 Sanitary Sewer Improvements	08/09/16	150,000	142,930	-	-	-	-	-	53,530	-	89,400	-
#2016-16 Replacement of Turf Field - Kennedy Park	08/09/16	400,000	389,163	-	-	-	-	-	-	-	389,163	-
#2016-17 Road Reconstruction and Curb & Sidewalk Repl	08/09/16	1,125,000	530,779	-	-	-	-	-	193,911	-	336,868	-
#2017-06 Acquisition of New Vehicles	05/16/17	100,000	95,859	-	-	-	-	-	49,763	-	46,096	-
#2017-07 Acquisition of New Equipment	05/16/17	150,000	74,515	-	-	-	-	-	72,797	-	1,718	-
#2017-08 Road Reconstruction & Curb/Sidewalk Replacen	05/16/17	300,000	288,753	-	-	-	-	-	269,919	-	18,834	-
#2017-09 Sanitary Sewer System Improvements	05/16/17	150,000	148,848	-	-	-	-	-	94,861	-	53,987	-
#2017-10 Acquisition of New Public Safety Equipment	05/16/17	200,000	189,431	-	-	-	-	-	24,198	-	165,233	-
#2018-02 Stream Bank Stabilization - Supplemental	02/20/18	300,000	-	-	20,000	280,000	-	-	127,089	-	-	172,911
#2018-04 Improvements to Municipal Facilities	03/20/18	100,000	-	-	5,000	95,000	-	-	99,991	-	-	9
#2018-05 Acquisition of New Vehicles	03/20/18	100,000	-	-	5,000	95,000	-	-	55,577	-	-	44,423
#2018-06 Acquisition of New Equipment	03/20/18	150,000	-	-	10,000	140,000	-	-	145,788	-	-	4,212
#2018-07 2018 Road Reconstruction and Curb &	03/20/18	300,000	-	-	15,000	285,000	-	-	3,440	-	11,560	285,000
#2018-08 Sanitary Sewer System Improvements	03/20/18	150,000	-	-	10,000	140,000	-	-	22,526	-	-	127,474
#2018-09 2018 Road Reconstruction and Curb &	03/20/18	150,000	-	-	10,000	140,000	-	-	440	-	9,560	140,000
#2018-15 HVAC Improvements at the Municipal Complex	06/19/18	250,000	-	-	15,000	235,000	-	-	23,551	-	-	226,449
#2018-21 Various Public Improvements	10/16/18	2,600,000	-	-	125,000	2,475,000	-	-	13,498	-	111,502	2,475,000
#2018-24 Sanitary Sewer Replacement	12/11/18	150,000	-	-	7,150	142,850	-	-	129,032	-	-	20,968
			\$ 3,362,136	\$ 285,097	\$ 222,150	\$ 4,027,850	\$ -	\$ 1,796,064	\$ -	\$ 2,585,492	\$ 3,515,677	

BOROUGH OF LODI
 GENERAL CAPITAL FUND
 STATEMENT OF CAPITAL IMPROVEMENT FUND
 YEAR ENDED DECEMBER 31, 2018

Balance, December 31, 2017		\$	65,630
Increased by:			
Budget Appropriation	\$	100,000	
Emergency Appropriation		57,150	
		<u>-</u>	
			<u>157,150</u>
			222,780
Decreased by:			
Appropriated - Capital Ordinances	\$	222,150	
		-	
		-	
			<u>222,150</u>
Balance, December 31, 2018		\$	<u><u>630</u></u>

BOROUGH OF LODI
 GENERAL CAPITAL FUND
 STATEMENT OF RESERVE FOR DEBT SERVICE
 YEAR ENDED DECEMBER 31, 2018

Balance, December 31, 2017		\$	361,251
Increased by:			
	\$	-	
		-	
		-	
			-
			<u>361,251</u>
Decreased by:			
	\$	-	
		-	
		-	
			-
			<u>0</u>
Balance, December 31, 2018		\$	<u><u>361,251</u></u>

BOROUGH OF LODI
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2018

Improvement Description	Balance December 31, 2017	Authorized	BANs Issued	Bonds Issued	Cancelled & Adjusted	Balance December 31, 2018
#2018-02 Stream Bank Stabilization - Supplemental	\$ -	\$ 280,000	\$ -	\$ -	\$ -	\$ 280,000
#2018-04 Improvements to Municipal Facilities	-	95,000	-	-	-	95,000
#2018-05 Acquisition of New Vehicles	-	95,000	-	-	-	95,000
#2018-06 Acquisition of New Equipment	-	140,000	-	-	-	140,000
#2018-07 2018 Road Reconstruction and Curb & Sidewalk Replacement Program (LOCAL)	-	285,000	-	-	-	285,000
#2018-08 Sanitary Sewer System Improvements	-	140,000	-	-	-	140,000
#2018-09 2018 Road Reconstruction and Curb & Sidewalk Replacement Program	-	140,000	-	-	-	140,000
#2018-15 HVAC Improvements at the Municipal Complex	-	235,000	-	-	-	235,000
#2018-21 Various Public Improvements	-	2,475,000	-	-	-	2,475,000
#2018-24 Sanitary Sewer Replacement	-	142,850	-	-	-	142,850
	\$ -	\$ 4,027,850	\$ -	\$ -	\$ -	\$ 4,027,850

BOROUGH OF LODI

Part II

Government Auditing Standards

245 Union Street
Lodi, New Jersey 07644
Voice 973.779.6890

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements (regulatory basis) of the various funds and account group of the Borough of Lodi, in the County of Bergen (the "Borough") as of and for the year ended December 31, 2018, 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, 2019, which was adverse due to the financial statements being prepared in conformity with the New Jersey regulatory basis of accounting as prescribed by the Division which is a basis of accounting other than accounting principles generally accepted in the United States.

Internal Control Over Financial Reporting

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

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

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

Independent Auditors' Report (Continued)

Compliance and Other Matters

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

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

Purpose of this Report

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

DI MARIA & DI MARIA LLP
Accountants and Consultants

Frank Di Maria

Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463

June 30, 2019

BOROUGH OF LODI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2018

Title of Federal Domestic Assistance Program	Federal C.F.D.A. Number	State Aid/Grant Program Titles	State Project Number	Award Amount	Grant Period		Balance December 31, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) December 31, 2018	Deferred Revenue December 31, 2018	Due to Grantor at December 31, 2018
					From	To									

NOT APPLICABLE

BOROUGH OF LODI
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2018

State Grantor / Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance December 31, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	(Accounts Receivable) December 31, 2018	Deferred Revenue December 31, 2018	Due to Grantor at December 31, 2018
			From	To									

NOT APPLICABLE

BOROUGH OF LODI
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018

Note 1 - General

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

Note 2 - Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is further described in Note 2 to the basic financial statements. The information in these schedules are presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

BOROUGH OF LODI
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018

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 separately 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, 2018 to December 31, 2018.

BOROUGH OF LODI
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018

Note 4 - Relationship to Federal and State Financial Reports

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

Note 5 - Federal and State Loans Outstanding

The Borough's federal and state loans outstanding at of December 31, 2018 was \$339,296.

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, 2018

Section I -- Summary of Auditors' Results

Financial Statements

- | | | |
|---|---|--------------|
| A) Type of auditors' report issued: | <u>Adverse - GAAP; Qualified - Regulatory</u> | |
| B) Internal control over financial reporting: | | |
| 1. Material weakness(es) identified? | _____ yes | ___ X ___ no |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ yes | ___ X ___ no |
| C) Noncompliance material to general-purpose financial statements noted? | _____ yes | ___ X ___ no |

BOROUGH OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

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

Federal Awards

NOT APPLICABLE - EXPENDITURES UNDER \$750,000

A) Internal control over major programs:

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

B) Type of auditors' report issued on compliance for major programs:

C) Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) section .510(a)?

_____ yes _____ no

D) Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

E) Dollar threshold used to distinguish between type A and type B programs:

- F) Auditee qualified as low-risk auditee? _____ yes _____ no

BOROUGH OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

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

State Awards

NOT APPLICABLE - EXPENDITURES UNDER \$750,000

A) Internal control over major programs:

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

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

B) Type of auditors' report issued on compliance for major programs:

C) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?

_____ yes _____ no

D) Identification of major programs:

Program GMIS Number(s)

Name of State Program

E) Dollar threshold used to distinguish between type A and type B programs:

F) Auditee qualified as low-risk auditee? _____ yes _____ no

BOROUGH OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

Section II -- Financial Statement Findings

None

BOROUGH OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

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

Current Year

Federal Awards:

There were no findings or questioned costs identified.

State Awards:

There were no findings or questioned costs identified.

Prior Year

Federal Awards:

There were no prior year findings or questioned costs.

State Awards:

There were no prior year findings or questioned costs.

BOROUGH OF LODI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018

Not Applicable - None in 2017

BOROUGH OF LODI

Part III

Part III - Supplementary Data and Letter of Comments and Recommendations

BOROUGH OF LODI
 SUPPLEMENTARY DATA
 TAX REQUIREMENT AND RATE DATA
 (UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Valuations Taxable	\$ 1,940,565,000	\$ 1,932,449,000	\$ 1,932,485,260	\$ 1,934,136,080	\$ 1,933,596,590	\$ 1,939,876,420	\$ 1,949,274,044	\$ 1,952,221,656	\$ 1,955,425,160	\$ 1,958,222,996
TAX REQUIREMENTS										
County	5,391,619	\$ 4,985,526	\$ 5,183,507	\$ 4,905,707	\$ 4,512,632	\$ 4,727,536	\$ 4,482,775	\$ 4,526,722	\$ 4,538,528	\$ 4,534,510
County Open Space	230,115	207,466	53,299	51,795	49,437	52,332	51,668	55,245	59,622	250,124
Local School	38,580,231	38,746,566	39,034,770	38,953,742	39,170,900	39,087,949	38,281,300	37,687,755	35,615,525	33,109,897
Municipal - Local	18,009,557	18,009,557	17,659,069	17,338,878	17,338,878	17,115,443	16,976,119	16,826,241	17,251,268	17,291,197
Municipal - Library	759,873	687,470	707,228	686,546	657,205	696,932	685,508	732,780	-	-
Total	\$ 62,971,395	\$ 62,636,585	\$ 62,637,873	\$ 61,936,668	\$ 61,729,052	\$ 61,680,192	\$ 60,477,370	\$ 59,828,743	\$ 57,464,943	\$ 55,185,728
TAX RATES										
County	0.278	0.258	0.269	0.254	0.234	0.244	0.230	0.232	0.233	0.232
County Open Space	0.012	0.011	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.013
Local School	1.989	2.005	2.020	2.014	2.026	2.015	1.964	1.931	1.821	1.691
Municipal - Local	0.928	0.932	0.913	0.897	0.897	0.883	0.871	0.861	0.882	0.883
Municipal - Library	0.039	0.036	0.037	0.035	0.033	0.035	0.035	0.038	-	-
Total	3.246	3.242	3.242	3.203	3.193	3.180	3.103	3.065	2.939	2.819

**Revaluation Year

BOROUGH OF LODI
 SUPPLEMENTARY DATA
 TAX LEVY AND COLLECTION DATA
 (UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	TY 2009	SFY 2009
Total Tax Levy	\$ 63,554,643	\$ 62,570,188	\$ 62,523,795	\$ 61,923,519	\$ 61,398,660	\$ 61,420,778	\$ 60,242,368	\$ 59,702,675	\$ 57,473,612	\$ 27,708,519	\$ 55,266,054
Current Tax Collections	\$ 63,142,895	\$ 62,439,799	\$ 62,403,960	\$ 61,864,593	\$ 61,297,747	\$ 61,200,462	\$ 60,010,062	\$ 59,580,463	\$ 57,394,145	\$ 26,967,075	\$ 55,120,268
Percent of Tax Levy Collected	99.35%	99.79%	99.81%	99.90%	99.84%	99.64%	99.61%	99.80%	99.86%	97.32%	99.74%

BOROUGH OF LODI
 SUPPLEMENTARY DATA
 FUND BALANCE SUMMARY
 (UNAUDITED)

	December 31,									June 30,
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Current Fund Balance Year End	\$8,700,242	\$8,552,408	\$8,431,503	\$7,966,739	\$5,807,828	\$5,646,428	\$4,611,268	\$3,678,956	\$3,497,161	\$1,966,726
Utilized in Budget of Succeeding Year	\$4,453,981	\$2,143,446	\$1,372,500	\$1,000,000	\$ 678,919	\$ 476,000	\$ 360,000	\$1,036,000	\$1,600,000	\$1,600,000
Percentage Utilized	51.19%	25.06%	16.28%	12.55%	11.69%	8.43%	7.81%	28.16%	45.75%	81.35%

BOROUGH OF LODI
MUNICIPAL OFFICIALS
YEAR ENDED DECEMBER 31, 2018

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

BOROUGH OF LODI
MUNICIPAL OFFICIALS
YEAR ENDED DECEMBER 31, 2018

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

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

Cash Cycle

Ref.

None

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

Revenues/Receipts Cycle

Ref.

None

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

Expenditures/Disbursements Cycle

Ref.

Required dedication by rider approvals were not obtained for all trust accounts.

1.

There is an unidentified miscellaneous trust balance within the "Other Trust" Fund.

2.

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

Fixed Assets

Ref.

None

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

Payroll Cycle

Ref.

None

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

Other Significant Matters

Ref.

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

Recommendations

1. That required dedication by rider approvals be obtained for all trust accounts. *
2. That the miscellaneous trust balance be reviewed and cleared of record. *

BOROUGH OF LODI
GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

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 municipal officials during the course of the audit.

DI MARIA & DI MARIA LLP
Accountants and Advisors

Frank Di Maria

Frank Di Maria
Registered Municipal Accountant
RMA No. CR00463

June 30, 2019