

TOWNSHIP OF LYNDHURST

**Financial Statements With
Supplementary Information
December 31, 2017**

(With Independent Auditors' Report Thereon)

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TOWNSHIP OF LYNDHURST

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Council
Township of Lyndhurst
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 Township of Lyndhurst in the County of Bergen, as of December 31, 2017, the related statement of operations and changes in fund balance – regulatory basis for the year then ended, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. The financial statements for the year ended December 31, 2016 were audited by other auditors whose report dated June 22, 2017 expressed an adverse opinion on the U.S. Generally Accepted Accounting Principles because of the significance of the requirement that the Township of Lyndhurst prepare and present its financial statements on the regulatory basis of accounting.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



The Honorable Mayor and
Members of the Township Council
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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.

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 by the Township of Lyndhurst on the basis of the financial reporting provisions 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 requirements of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" 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 Township of Lyndhurst as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 15 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,290,621 and \$992,665 for 2017 and 2016, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2017, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lyndhurst’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2018 on our consideration of the Township of Lyndhurst’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

The Honorable Mayor and
Members of the Township Council
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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 Township of Lyndhurst's internal control over financial reporting and compliance.



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 26, 2018

TOWNSHIP OF LYNDHURST
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 13,861,743	13,596,161
Cash - Change Funds	A-5	325	325
		<u>13,862,068</u>	<u>13,596,486</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,208,691	8,603,959
Tax Title Liens Receivable	A-8	758,235	614,606
Property Acquired for Taxes - Assessed Valuation	A-9	7,542,000	7,542,000
Revenue Accounts Receivable	A-10	30,777	11,910
Interfund Receivables:			
Animal License Trust Fund	A-11	57,282	
		<u>9,596,985</u>	<u>16,772,475</u>
Deferred Charges:			
EnCap Tax Refunding - Township Portion	A-12	754,494	1,131,351
		<u>754,494</u>	<u>1,131,351</u>
		<u>24,213,547</u>	<u>31,500,312</u>
Federal and State Grant Fund:			
Cash	A-4	791,349	647,076
		<u>\$ 25,004,896</u>	<u>32,147,388</u>

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities:			
Due from State of New Jersey - Ch. 20,			
P.L. 1971	A-6	12,035	
Encumbrances Payable	A-3,A-13	155,615	
Appropriation Reserves	A-3,A-14	2,143,791	2,181,448
Due to State of New Jersey - Construction Fees	A-15	6,591	4,251
Due to State of New Jersey - Marriage Fees	A-16	1,025	975
Various Reserves	A-17	683,666	783,666
Interfund Payables:			
General Capital Fund	A-11	338,792	2,797,241
Trust Fund	A-11	484,572	573,972
Outside Tax Title Lien Redemptions	A-18	4,403	75,821
Prepaid Taxes	A-19	1,318,472	347,798
School Taxes Payable	A-21	30,000	
		<u>5,178,962</u>	<u>6,765,172</u>
Reserves for Receivables and Other Assets	A	9,596,985	16,772,475
Fund Balance	A-1	9,437,600	7,962,665
		<u>19,034,585</u>	<u>24,735,140</u>
		<u>24,213,547</u>	<u>31,500,312</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-26	313,775	324,036
Reserve for Encumbrances	A-27		6,066
Reserve for FEMA Reimbursements - 2011 Storms	A-28	45,761	45,761
Reserve for DEA/Equitable Sharing	A-29	291,492	176,234
Unappropriated Reserves	A-30	140,321	94,979
		<u>791,349</u>	<u>647,076</u>
		<u>\$ 25,004,896</u>	<u>32,147,388</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Statement of Operations and Changes
in Fund Balance - Regulatory Basis

Current Fund

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,000,000	2,500,000
Miscellaneous Revenue Anticipated	4,746,733	5,133,950
Receipts from Delinquent Taxes	852,605	1,076,246
Receipts from Current Taxes	76,210,176	76,251,666
Non-Budget Revenues	1,491,766	1,068,579
Other Credits to Income:		
Statutory Excess Animal Trust	57,282	
Appropriated Grant Reserve Cancelled	40,695	
Unexpended Balances Cancelled and Encumbrances	<u>1,342,625</u>	15,693 <u>1,622,292</u>
Total Revenue and Other Income	<u>85,741,882</u>	<u>87,668,426</u>
Expenditures:		
Budget and Emergency Appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and Wages	11,799,451	12,290,253
Other Expenses	11,673,588	10,768,847
Deferred Charges and Statutory Expenditures	3,050,104	3,041,283
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	3,228,490	3,073,904
Capital Improvement Fund	435,000	3,204,000
Municipal Debt Service	6,117,608	5,960,974
Deferred Charges and Statutory Expenditures		44,250
Reserve for Uncollected Taxes		3,606,165
County Taxes	7,727,059	6,495,518
Amount Due County for Added and Omitted Taxes	19,913	33,275
Local District School Tax	37,068,843	36,019,490
Tax Overpayments	2,089,609	
Interfunds Advanced	57,282	
Refunds		<u>2,554,912</u>
Total Expenditures	<u>83,266,947</u>	<u>87,092,871</u>
Excess in Revenue	<u>2,474,935</u>	<u>575,555</u>
Statutory Excess to Fund Balance	2,474,935	575,555
Fund Balance, January 1	<u>7,962,665</u>	<u>9,887,110</u>
	10,437,600	10,462,665
Decreased by Utilization as Anticipated Revenue	<u>1,000,000</u>	<u>2,500,000</u>
Fund Balance, December 31	<u>\$ 9,437,600</u>	<u>7,962,665</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST
Statement of Revenues-Regulatory Basis
Current Fund
Year ended December 31, 2017

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund Balance Anticipated	\$ 1,000,000	1,000,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	30,000	33,819	3,819
Fees and Permits	80,000	89,405	9,405
Fines and Costs:			
Municipal Court	465,000	486,729	21,729
Interest and Costs on Taxes	230,000	211,851	(18,149)
Sewer Charges	160,000	181,128	21,128
Hotel Occupancy Tax	300,000	342,530	42,530
Consolidated Municipal Property Tax Relief Aid	143,156	143,156	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	1,266,184	1,266,184	
Uniform Construction Code Fees	400,000	344,727	(55,273)
State and Federal Revenues Offset with Appropriations:			
Clean Communities Program	42,985	42,985	
Recycling Tonnage Grant	24,975	24,975	
Drunk Driving Enforcement Fund	10,500	10,500	
Body Armor Replacement Program	4,189	4,189	
Handicapped Recreation (ROID)	7,500	7,500	
Alcohol Education & Rehab Program	3,142	3,142	
Bergen County Arts Grant	1,688	1,688	
Other Special Items:			
Franchise Fee - Comcast	90,000	93,759	3,759
Franchise Fee - Verizon FIOS	160,000	226,549	66,549
Recycling Proceeds	20,000	36,334	16,334
Shared Service Agreement - Lyndhurst BOE - Legal Services			
Township Attorney Reimbursement	40,625	91,250	50,625
PILOT Payments - NJ Meadowlands Commission	175,000	175,000	
Shared Service Agreement - Lyndhurst BOE - Swimming Pool	150,000	150,000	
Shared Service Agreement - Lyndhurst BOE - Jefferson School	140,000	140,000	
Felician College - Athletic Field Usage Contract	17,000	40,000	23,000
Ambulance Fees	330,000	372,632	42,632
Police Off-Duty Trust Fund Contribution	80,000	80,000	
Pension Contributions-Library	96,060	96,060	
Pension Contributions-Water Utility	45,401	45,401	
Pension Contribution-Swimming Pool Utility	5,240	5,240	
	<u>4,518,645</u>	<u>4,746,733</u>	<u>228,088</u>
Receipts from Delinquent Taxes	<u>960,000</u>	<u>852,605</u>	<u>(107,395)</u>
Amount to be Raised by Taxes for Support of Municipal Purposes	<u>32,876,406</u>	<u>34,437,065</u>	<u>1,560,659</u>
Total Amount to be Raised by Taxation	<u>32,876,406</u>	<u>34,437,065</u>	<u>1,560,659</u>
Total Budget Revenues	<u>\$ 39,355,051</u>	<u>41,036,403</u>	<u>1,681,352</u>
Non-Budget Revenues		<u>1,491,766</u>	
		<u>\$ 42,528,169</u>	

TOWNSHIP OF LYNDHURST
Statement of Revenues-Regulatory Basis
Current Fund
Year ended December 31, 2017

Analysis of Realized Revenue

Revenue from Current Tax Collections	\$ 76,210,176
Allocated to County of Bergen	\$ 7,746,972
Local School District	<u>37,068,843</u>
	<u>44,815,815</u>
Balance for Support of Municipal Budget Appropriations	31,394,361
Add: Appropriation - Reserve for Uncollected Taxes	<u>3,042,704</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 34,437,065</u>
Receipts from delinquent taxes	<u>\$ 852,605</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:	
Dumpster Permits	\$ 3,035
Bus Station Fee	640
Workman's Compensation-Police	9,919
Workman's Compensation-Parks Department	12,454
Copies	2
State of NJ-Burial Fees	5,040
Perimeter Map	60
State of NJ-Motor Vehicle Fines	21,806
Polling Place Rental	600
MetLife Dividends	555
Bergen County Snow Plowing Reimbursement	7,830
Rent Leveling	7,050
Passaic Valley Sewer Comm. Connection Fee Rebate	1,571
Oxford-Medical Loss Ratio Premium Rebate	34,799
State of NJ-Fire Safety LEA Rebates	60,158
DOJ Treasury Reimbursement	3,549
Fire Prevention (Chemical) Fees	85,822
Bank Interest	140,978
Cell Tower Fees-Sprint	27,600
Cell Tower Fees-T Mobile	33,312
Site Fee-T Mobile	17
Bergen County FAIU Payment	2,570
Passaic Valley Sewer Comm.-Tax Exempt Payments	4,771
Bergen County Housing Pilot Payment	23,856
EMS Vehicle Insurance	950
Bergen County JIF Dividend	31,181
Daycamp Fees	99,958
Misc. Bank Credit	3
Before/Aftercare Turnover	9,269
Trust Fund Admin. Fee	30

TOWNSHIP OF LYNDHURST
Statement of Revenues-Regulatory Basis
Current Fund
Year ended December 31, 2017

Board of Ed. - EMT Payment	689
Auto Insurance Reimbursement	935
Miscellaneous	5,450
Overpaid Insurance	114
Elevator Inspections	4,914
State of NJ-Storm Sandy Reimbursement	168,407
Advertising Fee	152
South Bergen Municipal JIF-Silver Award	1,500
Auction Proceeds	8,160
Lawsuit Settlement-Insurance Reimb.	275,000
Pre-K Reimbursement	102,412
PSE&G Refund for Closed Accounts	61,423
County of Passaic-Purchase of Command Vehicle	100,000
Gasoline Reimbursement	5,000
100th Anniversary Turnover to Credit Celebrations Appropriation	16,702
Gasoline Trust Turnover	109,642
Municipal Alliance Trust Turnover	857
Winterfest Tents	100
Port Authority Pilot Payment	73
Homestead Rebate Homeowner Mail Reimbursement	851
	<u>1,491,766</u>
	<u>\$ 1,491,766</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Department of Public Affairs:					
Director's Office:					
Salaries and Wages	\$ 6,700	6,700	6,700		
Central Services:					
Salaries and Wages	53,414	55,014	54,905	109	
Other Expenses	80,000	80,000	74,253	5,747	
Municipal Clerk:					
Salaries and Wages	153,660	155,160	154,977	183	
Other Expenses	60,000	60,000	55,791	4,209	
Tax Assessment Administration:					
Salaries and Wages	154,013	154,413	154,349	64	
Other Expenses	15,000	15,000	8,234	6,766	
Planning Board:					
Other Expenses	18,000	15,800	14,247	1,553	
Other Expenses - Affordable Housing Litigation	20,000	20,000	10,359	9,641	
Zoning Board of Adjustment:					
Salaries and Wages	3,552	3,552	3,552		
Other Expenses	4,500	6,700	6,545	155	
Rent Leveling Board:					
Other Expenses	900	900	858	42	
Public Health Services:					
Salaries and Wages	167,562	154,562	140,326	14,236	
Other Expenses	130,000	143,000	142,763	237	
Medical Transportation Program:					
Salaries and Wages	32,100	32,100	23,852	8,248	
Other Expenses	250	250		250	
Aid to Mental Health Association:					
Other Expenses	5,000	5,000		5,000	
Department of Revenue and Finance:					
Director's Office:					
Salaries and Wages	6,200	6,200	6,200		
Financial Administration:					
Salaries and Wages	172,978	157,258	122,793	34,465	
Other Expenses	35,000	32,000	27,366	4,634	

TOWNSHIP OF LYNDHURST
 Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Revenue Administration:					
Salaries and Wages	217,192	217,192	211,143	6,049	
Other Expenses	18,000	18,000	12,477	5,523	
Department of Public Safety:					
Director's Office:					
Salaries and Wages	6,200	6,200	6,200		
Police:					
Salaries and Wages	6,741,649	6,326,649	6,303,292	23,357	
Other Expenses	455,000	455,000	366,501	88,499	
Police Clerical:					
Salaries and Wages	257,397	264,897	263,859	1,038	
School Marshalls:					
Salaries and Wages	392,034	392,034	366,850	25,184	
Other Expenses	6,000	6,000	5,072	928	
Fire Prevention:					
Salaries and Wages	8,875	8,875	8,406	469	
Other Expenses	3,000	3,000	1,356	1,644	
Emergency Medical Services:					
Salaries and Wages	264,708	271,208	268,433	2,775	
Other Expenses	36,000	36,000	31,601	4,399	
Other Expenses - Third Party Billing	40,000	40,000	21,828	18,172	
Aid to Volunteer Fire Companies:					
Other Expenses	90,000	90,000	89,697	303	
Aid to Volunteer Ambulance Companies:					
Other Expenses	44,000	44,000	43,930	70	
Fire Department (Uniform Fire Safety):					
Salaries and Wages	84,698	70,698	42,655	28,043	
Other Expenses	16,500	16,500	11,541	4,959	
Township Prosecutor:					
Salaries and Wages	17,596	17,596	17,596		
Municipal Court:					
Salaries and Wages	203,924	203,924	201,504	2,420	
Other Expenses	18,000	18,000	7,461	10,539	
Public Defender (P.L. 1997, c.256)					
Salaries and Wages	10,451	10,451	10,451		
Other Expenses	1,000	1,000		1,000	

TOWNSHIP OF LYNDHURST
 Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Department of Public Works:					
Director's Office:					
Salaries and Wages	6,200	6,200	6,200		
Engineering:					
Salaries and Wages	2,998	2,998	2,998		
Other Expenses	60,000	60,000	54,773	5,227	
Road Repairs and Maintenance:					
Salaries and Wages	253,614	253,614	228,470	25,144	
Other Expenses	160,000	160,000	149,673	10,327	
Sewer System:					
Salaries and Wages	397,648	397,648	387,942	9,706	
Other Expenses	140,000	97,000	70,172	26,828	
Public Works Administration:					
Salaries and Wages	190,954	205,954	204,592	1,362	
Shade Trees:					
Salaries and Wages	230,869	258,869	258,838	31	
Other Expenses	52,000	52,000	37,736	14,264	
Drug and Alcohol Testing:					
Other Expenses	1,000	1,000		1,000	
Recycling/Beautification Program:					
Salaries and Wages	199,243	199,243	193,418	5,825	
Other Expenses	11,000	22,000	21,456	544	
Other Expenses - Recycling Contract	310,000	310,000	283,243	26,757	
Solid Waste Collection:					
Other Expenses	475,000	449,000	449,000		
Vehicle Maintenance:					
Other Expenses	140,000	140,000	124,132	15,868	
Dump Fees:					
Other Expenses (Type 10)	680,000	650,000	632,210	17,790	
Other Expenses (Grass and Leaves)	50,000	50,000	38,020	11,980	
Department of Parks and Public Property					
Director's Office:					
Salaries and Wages	6,200	6,200	6,200		
Building and Grounds:					
Other Expenses	200,000	200,000	191,848	8,152	
Other Expenses - Generator Testing	10,000	10,000	10,000		

TOWNSHIP OF LYNDHURST
Statement of Expenditures - Regulatory Basis

	Current Fund		Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
	Budget					
Year Ended December 31, 2017						
Recreation Services and Programs:						
Salaries and Wages	34,000		16,000	16,000		
Other Expenses	51,000		51,000	39,789	11,211	
Summer Day Camp:						
Salaries and Wages	150,000		132,000	128,903	3,097	
Handicapped Persons Program:						
Salaries and Wages	82,869		82,869	82,869		
Other Expenses	2,500		2,500	2,288	212	
Senior Citizen Activities:						
Salaries and Wages	12,500		12,500	10,610	1,890	
Other Expenses	2,500		2,500	2,451	49	
Maintenance of Parks:						
Salaries and Wages	1,255,550		1,291,550	1,291,483	67	
Other Expenses	90,000		90,000	49,214	40,786	
Unclassified-Department Support						
Vehicle Maintenance - Other Expenses	245,000		245,000	244,989	11	
General Postage Expenses	44,000		44,000	42,144	1,856	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
Construction Code Official:						
Salaries and Wages	426,203		419,123	419,119	4	
Other Expenses	18,000		37,300	31,232	6,068	
Other Expenses - Clean Up/Demolition	2,500		2,500		2,500	
Other Expenses - Tenant Relocation	1,733		1,733		1,733	
Unclassified						
Other Insurance Premiums	1,215,500		1,675,500	1,672,886	2,614	
Disability Insurance Program	2,500		2,500		2,500	
Employee Group Insurance	3,905,000		3,891,750	3,273,993	617,757	
Health Benefit Waiver	24,000		37,250	37,250		
Unemployment Trust Contribution	53,000		53,000	44,231	8,769	
Legal Salary	89,625		95,250	95,250		
Legal Services Other Expenses	105,000		44,375		44,375	
Legal and Other Professional Services	329,700		341,700	320,312	21,388	
Legal Services - Tax Appeals	49,000		92,000	68,775	23,225	
Legal Advertising	18,000		18,000	11,674	6,326	
Electricity	555,000		555,000	387,961	167,039	
Street Lighting	260,000		260,000	178,256	81,744	

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Telephone	142,000	147,000	144,564	2,436	
Gasoline	240,000	235,000	140,069	94,931	
Annual Audit	100,000	100,000	50,000	50,000	
Data Processing	125,000	125,000	122,148	2,852	
Celebration of Public Events	77,000	77,000	76,921	79	
Shared Service Operating Expenses	33,000	33,000		33,000	
Swimming Pool - Other Expenses	1,000	4,000		4,000	
DEP Fees - Trust Loan (CW)	7,975	7,975		7,975	
NJEIT Fees - Trust Loan (CW)	4,605	4,605			
Total Operations within "CAPS"	23,383,039	23,383,039	21,640,829	1,742,210	
B. Contingent	90,000	90,000	64,063	25,937	
Total Operations Including Contingent-within "CAPS"	23,473,039	23,473,039	21,704,892	1,768,147	
Detail:					
Salaries & Wages	12,203,751	11,799,451	11,605,685	193,766	
Other Expenses (Including Contingent)	11,269,288	11,673,588	10,099,208	1,574,380	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
(1) DEFERRED CHARGES					
EnCap Refunding Township Portion	376,857	376,857	376,857		
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	510,000	510,000	479,268	30,732	
Public Employees' Retirement System	588,441	588,441	588,441		
Police and Firemen's Retirement System	1,574,806	1,574,806	1,574,806		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	3,050,104	3,050,104	3,019,372	30,732	
Total General Appropriations for Municipal Purposes within "CAPS"	26,523,143	26,523,143	24,724,264	1,798,879	

TOWNSHIP OF LYNDHURST
Statement of Expenditures - Regulatory Basis

	Current Fund				Unexpended
	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Balance Canceled
	Year Ended December 31, 2017				
Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	1,051,278	1,051,278	788,446	262,832	
Lyndhurst/North Arlington Joint Meeting	175,986	175,986	175,986		
Volunteer Length of Service Awards Program	85,000	85,000	48,420	36,580	
Sewerage Processing and Disposal	1,760,247	1,760,247	1,760,247		
Total Other Operations - Excluded from "CAPS"	3,072,511	3,072,511	2,773,099	299,412	
Interlocal Municipal Service Agreements					
911/Dispatch	30,000	30,000		30,000	
Other Expenses					
Borough of Wanaque Qualified Purchasing Agent Services	31,000	31,000	15,500	15,500	
Total Interlocal Municipal Service Agreements	61,000	61,000	15,500	45,500	
Public and Private Programs Offset by Revenues					
Clean Communities Program	42,985	42,985	42,985		
Recycling Tonnage Grant	24,975	24,975	24,975		
Drunk Driving Enforcement Fund	10,500	10,500	10,500		
Body Armor Replacement Program	4,189	4,189	4,189		
Handicapped Recreation (ROID)	7,500	7,500	7,500		
Alcohol Education & Rehab Program	3,142	3,142	3,142		
Bergen County Arts Grant	1,688	1,688	1,688		
Total Public and Private Programs Offset by Revenues	94,979	94,979	94,979		
Total Operations-Excluded from "CAPS"	3,228,490	3,228,490	2,883,578	344,912	
Detail:					
Other Expenses	3,228,490	3,228,490	2,883,578	344,912	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	250,000	250,000	250,000		
Reconstruction of Recreation Facilities	75,000	75,000	75,000		
Reconstruction of Municipal Parking Lot (UST Project)	110,000	110,000	110,000		
Total Capital Improvements Excluded from "CAPS"	435,000	435,000	435,000		

TOWNSHIP OF LYNDHURST
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	2,698,000	2,698,000	2,698,000		
Interest on Bonds	1,166,930	1,166,930	1,166,929		1.00
Payment of Bond Anticipation Notes	1,874,500	1,874,500	1,874,500		
Interest on Bond Anticipation Notes	174,588	174,588	174,469		119
Principal on NJEIT Loans (CW-Trust)	65,000	65,000	65,000		
Interest on NJEIT Loans (CW-Trust)	62,750	62,750	54,763		7,987
Principal on NJEIT Loans (CW-Fund)	83,947	83,947	83,947		
Total Municipal Debt Service-Excluded from "CAPS"	6,125,715	6,125,715	6,117,608		8,107
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	9,789,205	9,789,205	9,436,186	344,912	8,107
Subtotal General Appropriations	36,312,348	36,312,348	34,160,450	2,143,791	8,107
Reserve for Uncollected Taxes	3,042,704	3,042,704	3,042,704		
Total General Appropriations	\$ 39,355,052	39,355,052	37,203,154	2,143,791	8,107
Adopted Budget \$	39,355,052	39,355,052			
	\$ 39,355,052				
Reserve for Uncollected Taxes \$			3,042,704		
Capital Improvement Fund			435,000		
Federal and State Grants			94,979		
Deferred Charges			376,857		
Encumbrances			155,615		
Cash			33,097,999		
			\$ 37,203,154		

See accompanying notes to the financial statements.

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Dog License Trust:			
Cash	B-1	\$ <u>73,440</u>	<u>65,995</u>
		<u>73,440</u>	<u>65,995</u>
Other Trust Funds:			
Cash	B-1	1,322,617	1,315,482
Interfunds	B-3	<u>484,572</u>	<u>573,972</u>
		<u>1,807,189</u>	<u>1,889,454</u>
Unemployment Insurance Trust Fund:			
Cash	B-1	<u>6,076</u>	<u>6,076</u>
		<u>6,076</u>	<u>6,076</u>
Deferred Compensation Plans Trust Fund:			
Cash in Plan	B-1	1,246,476	992,665
Service Award Contributions Receivable	B-7	<u>44,145</u>	<u> </u>
		<u>1,290,621</u>	<u>992,665</u>
		<u>\$ 3,177,326</u>	<u>2,954,190</u>

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Dog License Trust Fund:			
Interfund Accounts Payable	B-3	\$ 57,282	
Reserve for Animal Trust Fund Expenditures	B-5	<u>16,158</u>	<u>65,995</u>
		<u>73,440</u>	<u>65,995</u>
Other Trust Fund:			
Reserve for Various Deposits	B-4	<u>1,807,189</u>	<u>1,889,454</u>
		<u>1,807,189</u>	<u>1,889,454</u>
Unemployment Insurance Trust Fund:			
Reserve for Expenditures	B-6	<u>6,076</u>	<u>6,076</u>
		<u>6,076</u>	<u>6,076</u>
Deferred Compensation Plans Trust Fund:			
Net Assets Available for Benefits	B-8	<u>1,290,621</u>	<u>992,665</u>
		<u>\$ 3,177,326</u>	<u>2,954,190</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	C-2/C-3	\$ 3,211,667	1,820,335
Interfunds Accounts Receivable	C-4	338,792	2,797,241
Deferred Charges to Future Taxation:			
Funded	C-5	29,495,334	32,461,281
Unfunded	C-6	<u>63,357,500</u>	<u>63,682,000</u>
		<u>\$ 96,403,293</u>	<u>100,760,857</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	\$ 27,360,000	30,058,000
New Jersey Environmental Infrastructure Loan Payable	C-8	2,135,334	2,403,281
Bond Anticipation Notes Payable	C-9	14,307,500	13,967,000
Improvement Authorizations:			
Funded	C-10	2,012,644	2,582,694
Unfunded	C-10	49,658,006	51,220,269
Reserve for Recreation Facility Improvements	C-11	75,000	
Reserve for Municipal Parking Lot Improvements	C-12	110,000	
Capital Improvement Fund	C-13	307,841	157,841
Reserve for Payment of Debt	C-14	145,357	145,357
Fund Balance	C-1	<u>291,611</u>	<u>226,415</u>
		<u>\$ 96,403,293</u>	<u>100,760,857</u>

There were \$49,050,000 and \$49,715,000 of Bonds and Notes Authorized But Not Issued on December 31, 2017 and 2016 respectively (Exhibit C-15).

See accompanying notes to the financial statements.

TOWNSHIP OF LYNDHURST

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Balance - December 31,	\$ 226,415	226,415
Increased by:		
Premium on Sale of Notes	<u>65,196</u>	
Balance - December 31,	<u>\$ 291,611</u>	<u>226,415</u>

See accompanying notes to the financial statements.

TOWNSHIP OF LYNDHURST
Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 2,104,904	\$ 1,855,024
Cash - Change Fund		<u>100</u>	<u>100</u>
		<u>2,105,004</u>	<u>1,855,024</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-7	667,193	503,681
Municipal Liens	D-8	<u>198</u>	<u>198</u>
		<u>667,391</u>	<u>503,879</u>
Total Water Utility Operating Fund		<u>2,772,395</u>	<u>2,358,903</u>
Water Utility Capital Fund:			
Cash - Treasurer	D-5,D-6	7,134	7,134
Fixed Capital	D-9	<u>21,492,654</u>	<u>21,492,654</u>
Total Water Utility Capital Fund		<u>21,499,788</u>	<u>21,499,788</u>
		<u>\$ 24,272,183</u>	<u>23,858,691</u>

TOWNSHIP OF LYNDHURST
Comparative Balance Sheet - Regulatory Basis
Water Utility Fund
December 31, 2017 and 2016

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-10	848,234	562,557
Reserve for Encumbrances	D-11	170,539	365,584
Water Overpayment	D-12	19,264	1,704
Tax Sale Premiums	D-13	104,833	104,833
Accrued Interest on Bonds and Notes	D-14	104,335	104,335
		<u>1,247,205</u>	<u>1,139,013</u>
Reserve for Receivables	Contra	667,391	503,879
Fund Balance	D-1	857,799	716,111
		<u>2,772,395</u>	<u>2,359,003</u>
Total Water Utility Operating Fund			
Water Utility Capital Fund:			
Serial Bonds Payable	D-15	3,715,000	4,230,000
NJ Environmental Infrastructure Loan Payable	D-16	5,984,315	6,726,747
Improvement Authorization:			
Funded	D-17	5,709	5,709
Capital Improvement Fund	D-18	600	
Reserve for:			
Amortization	D-19	11,793,339	10,536,507
Fund Balance	D-2	825	825
		<u>21,499,788</u>	<u>21,499,788</u>
Total Water Utility Capital Fund			
		<u>\$ 24,272,183</u>	<u>\$ 23,858,791</u>

There were \$-0- and \$-0- of Bonds and Notes Authorized But Not Issued on December 31, 2017 and December 31, 2016 respectively (Exhibit D-20).

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Statement of Operations and Changes in
Fund Balance - Regulatory Basis

Water Utility Operating Fund

Years Ended December 31, 2017 and 2016

	Dec. 31, <u>2017</u>	Dec. 31, <u>2016</u>
Revenue and Other Income:		
Operating Surplus Anticipated	\$ 313,774	1,036,343
Water Rents	3,899,900	4,085,670
Fines	44,697	44,283
Miscellaneous Revenue	166,675	182,056
Miscellaneous Revenue Not Anticipated	23,910	121,635
Unexpended Balance Appropriation Reserve	531,426	197,576
	<hr/>	<hr/>
Total Revenue and Other Income	4,980,382	5,667,563
	<hr/>	<hr/>
Expenditures:		
Operating	3,165,063	3,313,882
Prior Year Bills	-	94,270
Capital Improvements	50,000	50,000
Debt Service	1,242,956	1,236,100
Deferred Charges and Statutory Expenditures	66,901	377,262
Change in Accrued Interest	-	167
	<hr/>	<hr/>
Total Expenditures	4,524,920	5,071,681
	<hr/>	<hr/>
Excess in Revenue	455,462	595,882
	<hr/>	<hr/>
Fund Balance, January 1	716,111	1,156,572
	<hr/>	<hr/>
	1,171,573	1,752,454
	<hr/>	<hr/>
Decreased by Utilization by Water Operating Budget	313,774	1,036,343
	<hr/>	<hr/>
Balance, December 31	\$ 857,799	716,111
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Balance, December 31,	\$ <u>825</u>	\$ <u>825</u>
Balance, December 31,	\$ <u><u>825</u></u>	\$ <u><u>825</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 313,774	313,774	
Rents	4,050,000	3,899,900	(150,100)
Fines	40,000	44,697	4,697
Miscellaneous	<u>180,000</u>	<u>166,675</u>	<u>(13,325)</u>
	<u>\$ 4,583,774</u>	<u>4,425,046</u>	<u>(158,728)</u>

Analysis of Realized Revenue

Surplus Anticipated	\$ 313,774
Rents	3,899,900
Fines	44,697
Miscellaneous	<u>166,675</u>
	<u>\$ 4,425,046</u>

Analysis of Miscellaneous Revenue Not Anticipated

Taps	\$ 11,340
New Meters	11,280
Meter Tests	190
Flow Tests	700
Disconnections	<u>400</u>
	<u>\$ 23,910</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2017

	Appropriations		Paid or Charged	Reserved	Canceled
	Budget	Budget after Modification			
Operating:					
Salaries and Wages	\$ 224,793	234,793	231,816	2,977	
Other Expenses	260,000	250,000	93,839	156,161	
Water Purchases	2,500,000	2,500,000	1,930,830	569,170	
Group Insurance	100,000	100,000	64,065	35,935	
Other Insurance Premiums	35,000	35,000		35,000	
Audit	10,000	10,000		10,000	
Legal Services	20,000	20,000		20,000	
NJEIT Fees - Trust Loan (DW)	15,270	15,270	15,270		
Total Operating	3,165,063	3,165,063	2,335,820	829,243	
Capital Improvements:					
Capital Outlay	50,000	50,000	35,568	14,432	
	50,000	50,000	35,568	14,432	
Debt Service:					
General Serial Bonds:					
Payment of Principal	415,000	415,000	415,000		
Interest on Bonds	170,878	170,878	170,878		
Principal on NJEIT Loans (DW Trust)	220,000	220,000	220,000		
Interest on NJEIT Loans (DW Trust)	215,500	215,500	156,646		58,854
Principal on NJEIT Loans (DW Fund)	280,432	280,432	280,432		
Total Debt Service	1,301,810	1,301,810	1,242,956		58,854

TOWNSHIP OF LYNDHURST
Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2017

	Appropriations	Paid or	Reserved	Canceled
	Budget	Budget	Charged	Charged
	after	after	after	after
	Modification	Modification	Modification	Modification
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures - Contribution to:				
Public Employees' Retirement System (PERS)	45,401	45,401	45,401	
Social Security System (O.A.S.I.)	21,500	21,500	16,941	4,559
Total Deferred Charges and Statutory Expenditures	66,901	66,901	62,342	4,559
Total Deferred Charges and Statutory Expenditures	\$ 4,583,774	4,583,774	3,676,686	58,854
Adopted Budget	\$ 4,583,774			
	\$ 4,583,774			
Cash Disbursed		\$ 3,178,623		
Accrued Interest on Bonds and Loan Encumbrances		327,524		
		170,539		
		\$ 3,676,686		

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

Swimming Pool Utility Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Operating Fund:			
Cash	E-4	\$ 161,921	199,739
Deferred Charges-			
Overexpenditure of Appropriation Reserves	E-6	<u>1,074</u>	<u> </u>
Total Operating Fund		<u><u>162,995</u></u>	<u><u>199,739</u></u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	E-3, E-5	\$ 4,373	6,514
Encumbrances Payable	E-3, E-5	953	
Fund Balance	E-1	<u>157,669</u>	<u>193,225</u>
Total Operating Fund		<u><u>\$ 162,995</u></u>	<u><u>199,739</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Statement of Operations and
Changes in Fund Balance - Regulatory Basis

Swimming Pool Utility Fund

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 51,179	31,001
Utility Rents	153,135	150,181
Shared Service Agreement - Lyndhurst BOE	60,000	60,000
Water Park Concessions	28,070	20,402
Miscellaneous Revenue Not Anticipated	3,344	29,424
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,074	
Total Income	<u>296,802</u>	<u>291,008</u>
Expenditures:		
Operating	257,248	262,161
Capital Improvement Fund	9,501	15,000
Statutory Expenditures & Deferred Charges	14,430	13,840
Overexpenditure of Appropriation Reserves	1,074	
Total Expenditures	<u>282,253</u>	<u>291,001</u>
Excess (Deficit)	14,549	7
Adjustments to Income Before Fund Balance:		
Expenditures Included above Which are by Statute		
Deferred Charges to Budget of Succeeding Year:		
Overexpenditure of Appropriation Reserves	1,074	
	15,623	7
Fund Balance, January 1	<u>193,225</u>	<u>224,219</u>
	208,848	224,226
Decreased by Utilization as Anticipated Revenue	<u>51,179</u>	<u>31,001</u>
Fund Balance, December 31	<u>\$ 157,669</u>	<u>193,225</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Revenues-Regulatory Basis

Swimming Pool Utility Fund

Year ended December 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 51,179	51,179	
Rents	150,000	153,135	3,135
Shared Service Agreement - BOE	60,000	60,000	
Concession Fees	<u>20,000</u>	<u>28,070</u>	<u>8,070</u>
	<u>281,179</u>	<u>292,384</u>	<u>11,205</u>
Total Swim Pool Utility Revenue	\$ <u>281,179</u>	<u>292,384</u>	<u>11,205</u>

Analysis of Miscellaneous Revenues

Miscellaneous	\$ 2,000
Interest on Investments	<u>1,344</u>
	<u>\$ 3,344</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Expenditures-Regulatory Basis

Swimming Pool Utility Fund

Year Ended December 31, 2017

	Appropriations		Expended	
	Budget	Budget after modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 107,339	136,794	136,151	643
Other Expenses	54,000	54,000	53,753	247
Utilities	70,000	60,287	56,857	3,430
Concession Stand - Other Expenses	10,000	6,167	6,166	1
Group Insurance	5,000			
Total Operating	246,339	257,248	252,927	4,321
Capital Improvements				
Capital Outlay	21,000	9,501	9,501	
Total Capital Improvements	21,000	9,501	9,501	
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	5,240	5,240	5,240	
Social Security System (O.A.S.I.)	8,600	9,190	9,138	52
Total Statutory Expenditures	13,840	14,430	14,378	52
Total	\$ 281,179	281,179	276,806	4,373
		Encumbrances \$	953	
		Cash Disbursed	275,853	
		\$	276,806	

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Statement of Net Payroll and Withholdings Payable

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash		
Master Payroll	\$ <u>88,591</u>	<u>131,861</u>
	<u>\$ 88,591</u>	<u>131,861</u>
 <u>Liabilities:</u>		
Withholdings	\$ <u>88,591</u>	<u>131,861</u>
	<u>\$ 88,591</u>	<u>131,861</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>General Fixed Assets:</u>		
Land	\$ 133,198,900	133,198,900
Buildings	7,621,800	7,621,800
Machinery and Equipment	<u>10,173,141</u>	<u>10,228,141</u>
	<u>\$ 150,993,841</u>	<u>151,048,841</u>
Investment in Fixed Assets	<u>\$ 150,993,841</u>	<u>151,048,841</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Township of Lyndhurst have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of Lyndhurst (the "Lyndhurst") was incorporated in 1917 and operates under a Five Member Board of Commission form of government. The Mayor is selected by the Board. The Board of Commissioners shall consist of five members elected at large by the voters of the municipality and shall serve for a term of four years.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. 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 Township do not include the volunteer fire department, the volunteer ambulance corp., or the free public library which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund accounts for resources and expenditures for governmental operations of a general nature.

Federal and State Grant Fund – This 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 – These various funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Water Utility Fund– This fund is used to account for all revenues and expenditures applicable to the operations of the water department. Acquisition or improvement of capital facilities for the water department are accounted for in the capital section of the fund.

Swim Pool Utility Operating Fund – This fund is used to account for revenues and expenditures for the operation of the Township's swimming facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities for the pool are accounted for in the capital section of the fund.

General Fixed Asset Account Group – This group accounts all fixed assets of the Township. The Township's infrastructure is not reported in this group.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the Township of Lyndhurst. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the current calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund, Water Utility Operating Fund and Swim Pool Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund, Water Utility Fund and Swim Pool Utility Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

General Capital Fund
Trust Fund

Water Utility Capital Fund
Swim Pool Utility Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - 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.

Inventories - 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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value which approximates cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

General Fixed Assets - The Township of Lyndhurst has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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.

Fixed assets acquired by the Water Utility Fund and Swim Pool Utility Fund are capitalized as Fixed Capital and not depreciated.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for 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.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Township 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.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Township does not believe this Statement will have any effect on future financial statements.

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

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

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

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

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

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

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

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

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

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

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

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

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

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS

Description of Plans:

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS), (continued)

Benefits Provided, (continued)

5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

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

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2017	\$586,652	\$1,574,806
2016	580,224	1,483,705
2015	582,799	1,467,063

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2017, the Township had a liability of \$14,184,827 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Township's proportion was 0.0609355724 percent, which was an increase/(decrease) of (0.00180846) percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Township recognized pension expense of \$586,652. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$334,004	\$
Changes of assumptions	2,857,754	2,847,277
Net difference between projected and actual earnings on pension plan investments	96,589	
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	_____	<u>1,125,647</u>
Total	<u>\$3,288,347</u>	<u>\$3,972,924</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$333,925
2019	503,900
2020	305,338
2021	(406,100)
2022	(295,993)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Township's Proportion	0.0609355724%	0.0627440299%

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

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

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

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

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

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Township's proportionate share of the pension liability	\$17,597,241	\$14,184,827	\$11,341,864

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2017, the Township had a liability of \$27,820,735 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Township's proportion was 0.1802086709 percent, which was an increase/(decrease) of (0.00219253) percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Township recognized pension expense of \$1,574,806. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$180,485	\$163,285
Changes of assumptions	3,430,607	4,556,223
Net difference between projected and actual earnings on pension plan investments	530,885	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>948,162</u>	<u>809,961</u>
Total	<u>\$5,090,139</u>	<u>\$5,529,469</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$338,530
2019	916,843
2020	187
2021	(1,270,633)
2022	(562,459)

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.59, 5.58, 5.53 and 6.17 years for 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$2,941,952,753	\$4,547,316,543
Collective deferred inflows of resources	3,262,432,093	688,197,590
Collective net pension liability	17,167,260,198	20,706,699,056
Township's Proportion	0.1802086709%	0.1824011968%

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

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

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Mortality Rates

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

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

Long-Term Rate of Return

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

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2017		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.14%</u>	<u>6.14%</u>	<u>7.14%</u>
Township's proportionate share of the pension liability	\$37,645,745	\$27,820,735	\$19,748,371

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2017 and 2016 consisted of the following:

	Balance	Additions	Reductions	Balance	Amounts Due
	Dec. 31 2016			Dec. 31, 2017	Within One Year
Bonds Payable:					
General Obligation Debt	\$30,058,000	\$	\$2,698,000	\$27,360,000	\$2,280,000
Water Utility Obligation Debt	<u>4,230,000</u>	<u>1,395,000</u>	<u>1,910,000</u>	<u>3,715,000</u>	<u>455,000</u>
Total Bonds Payable	<u>34,288,000</u>	<u>1,395,000</u>	<u>4,608,000</u>	<u>31,075,000</u>	<u>2,735,000</u>
Other Liabilities:					
New Jersey Wastewater Loans - Current	2,403,281		267,947	2,135,334	148,947
New Jersey Wastewater Loans - Water	6,726,747		742,432	5,984,315	510,432
Compensated Absences Payable	<u>3,610,000</u>	<u>749,790</u>	<u>302,693</u>	<u>4,057,097</u>	
Total Other Liabilities	<u>12,740,028</u>	<u>749,790</u>	<u>1,313,072</u>	<u>12,176,746</u>	<u>510,432</u>
	<u>\$47,028,028</u>	<u>\$2,144,790</u>	<u>\$5,921,072</u>	<u>\$43,251,746</u>	<u>\$3,245,432</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

	<u>Balance</u> <u>Dec. 31 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$32,568,000	\$	\$2,510,000	\$27,360,000	\$2,698,000
Water Utility Obligation Debt	<u>4,645,000</u>	<u> </u>	<u>415,000</u>	<u>4,230,000</u>	<u>415,000</u>
Total Bonds Payable	<u>37,213,000</u>	<u> </u>	<u>2,925,000</u>	<u>34,288,000</u>	<u>3,113,000</u>
Other Liabilities:					
New Jersey Wastewater Loans -					
Current	2,574,211		170,930	2,403,281	148,947
New Jersey Wastewater Loans -					
Water	8,726,480		1,999,733	6,726,747	500,432
Compensated Absences Payable	<u>3,800,000</u>	<u> </u>	<u>190,000</u>	<u>3,610,000</u>	<u> </u>
Total Other Liabilities	<u>15,100,691</u>	<u> </u>	<u>2,360,663</u>	<u>12,740,028</u>	<u>649,379</u>
	<u>\$52,313,691</u>	<u>\$</u>	<u>\$5,285,663</u>	<u>\$47,028,028</u>	<u>\$3,762,379</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued:</u>			
General Bonds, Notes and Loans	\$43,802,834	\$46,455,263	\$52,769,211
Water Utility - Bonds, Notes and Loans	<u>9,699,315</u>	<u>10,956,747</u>	<u>13,371,480</u>
Net Debt Issued	<u>53,502,149</u>	<u>57,412,010</u>	<u>66,140,691</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	49,050,000	49,715,000	1,459,250
Water Utility - Bonds and Notes	<u> </u>	<u> </u>	<u> </u>
Total Authorized But Not Issued	<u>49,050,000</u>	<u>49,715,000</u>	<u>1,459,250</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$102,552,149</u>	<u>\$107,127,010</u>	<u>\$67,599,941</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 3.323% for 2017.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$21,863,807	\$21,863,807	\$0
General Debt	92,852,834	145,357	92,707,477
Utility Debt	<u>9,699,315</u>	<u> </u>	<u>9,699,315</u>
	<u>\$124,415,956</u>	<u>\$22,009,164</u>	<u>\$102,406,792</u>

Net debt of \$102,406,792 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,081,739,212 equals 3.323% for 2017.

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 3.377% for 2016.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$22,613,807	\$22,613,807	\$0
General Debt	96,170,263	157,841	96,012,422
Utility Debt	<u>10,956,747</u>	<u>10,956,747</u>	<u>0</u>
	<u>\$129,740,817</u>	<u>\$33,728,395</u>	<u>\$96,012,422</u>

Net debt of \$96,012,422 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,843,472,074 equals 3.377% for 2016.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>2017</u>	<u>2016</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$107,860,872	\$99,521,523
Net Debt	<u>102,406,792</u>	<u>84,591,281</u>
Remaining Borrowing Power	<u>\$5,454,080</u>	<u>\$14,930,242</u>

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

	<u>2017</u>	<u>2016</u>
Cash receipts from fees, rents or other charges for year	<u>\$4,448,956</u>	<u>\$5,348,352</u>
Deductions:		
Operating and Maintenance Cost	3231964	3785414
Debt Service per Water Utility	<u>1,242,956</u>	<u>1,236,100</u>
Total Deductions	<u>4,474,920</u>	<u>5,021,514</u>
Excess (Deficit) in Revenue - "Self Liquidating"	<u>(\$25,964)</u>	<u>\$326,838</u>

The Water Utility is not Self-Liquidating.

The Township's long-term debt consisted of the following at December 31, 2017 and 2016:

<u>General Obligation Bonds - Paid by Current Fund</u>	<u>2017</u>	<u>2016</u>
\$8,523,000 General Obligation Bonds Series 2001 - with an interest rate of 4.70% issued May 1, 2001, due through May 1, 2017	\$	\$518,000
\$5,795,000 General Obligation Bonds Series 2005 - with interest rates of 3.20% to 3.75% issued March 1, 2005, due through October 1, 2019	845,000	1,270,000
\$2,900,000 General Obligation Bonds - BCIA Series 2005 - with varying interest rates issued May 1, 2005, due through June 1, 2031	1,965,000	2,070,000
\$30,500,000 General Obligation Bonds Series 2013 - with interest rates of 3.00% to 4.50% issued August 15, 2013, due through August 15, 2028	<u>24,550,000</u>	<u>26,200,000</u>
Total General Serial Bonds	<u>\$27,360,000</u>	<u>\$30,058,000</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Wastewater Treatment Loans - Paid by Current Fund

The Township has outstanding three loan agreements with the New Jersey Environmental Infrastructure Trust for financing relating to improvements to the Wastewater Treatment Plants.

	<u>2017</u>	<u>2016</u>
\$1,535,000 Trust Loans (CW) - with interest rates of 3.40% to 5.00% issued December 2, 2010, due through August 1, 2030	\$1,071,000	\$1,255,000
\$1,568,018 Fund Loan (CW) - at a zero rate of interest issued December 2, 2010 due through August 1, 2030	<u>1,064,334</u>	<u>1,148,281</u>
Total General Serial Bonds	<u>\$2,135,334</u>	<u>\$2,403,281</u>

Water utility Bonds - Paid by Water Utility Fund

Water Utility Serial Bonds:

	<u>2017</u>	<u>2016</u>
\$3,105,000 General Obligation Bonds - with an interest rate of 5.10% issued May 1, 2001, due through May 1, 2030	\$	\$1,610,000
\$3,390,000 General Obligation Bonds - with an interest rate of 3.00% to 3.50% issued August 15, 2013, due through August 15, 2023	2,320,000	2,620,000
\$1,395,000 Refunding Bonds - with an interest rate of 2.00% to 5.00% issued December 21, 2017, due through February 15, 2030	<u>1,395,000</u>	<u> </u>
Total General Serial Bonds	<u>\$3,715,000</u>	<u>\$4,230,000</u>

Wastewater Treatment Loans - Paid by Water Utility Fund

	<u>2017</u>	<u>2016</u>
\$4,220,000 Trust Loan (DW) - with an interest rate of 3.40% to 5.00% issued December 2, 2010, due through August 1, 2030	\$2,978,000	\$3,440,000
\$4,408,475 Fund Loan (DW) - at a zero rate of interest issued December 2, 2010 through August 1, 2030	<u>3,006,315</u>	<u>3,286,747</u>
Total General Serial Bonds	<u>\$5,984,315</u>	<u>\$6,726,747</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate debt service requirements are as follows:

Year	Total	Serial/Refunding Bonds			
		General Capital Debt		Water Utility Capital Debt	
		Principal	Interest	Principal	Interest
2018	\$3,949,800	\$2,280,000	\$1,076,350	\$455,000	\$138,450
2019	3,957,150	2,380,000	994,000	460,000	123,150
2020	3,488,275	2,015,000	907,875	460,000	105,400
2021	3,553,150	2,120,000	835,500	510,000	87,650
2022	3,712,525	2,325,000	759,375	560,000	68,150
2023-2027	16,392,700	12,850,000	2,431,500	985,000	126,200
2028-2031	<u>4,394,000</u>	<u>3,900,000</u>	<u>192,500</u>	<u>285,000</u>	<u>16,500</u>
	<u>\$39,447,600</u>	<u>\$27,870,000</u>	<u>\$7,197,100</u>	<u>\$3,715,000</u>	<u>\$665,500</u>

Year	Total	New Jersey Environmental Infrastructure Trust Loans			
		General Capital Fund		Water Utility Capital Fund	
		Principal	Interest	Principal	Interest
2018	\$856,774	\$148,947	\$51,565	\$510,432	\$145,830
2019	862,024	153,947	48,315	525,432	134,330
2020	831,274	150,947	44,815	513,432	122,080
2021	829,274	154,947	41,465	522,432	110,430
2022	826,624	154,947	37,915	535,432	98,330
2023-2027	4,151,024	843,739	131,675	2,889,160	286,450
2028-2030	<u>1,056,355</u>	<u>527,860</u>	<u>27,630</u>	<u>487,995</u>	<u>12,870</u>
	<u>\$9,413,349</u>	<u>\$2,135,334</u>	<u>\$383,380</u>	<u>\$5,984,315</u>	<u>\$910,320</u>

General capital serial bonds are direct obligations of the Township for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Township.

At December 31, 2017 the Township had authorized but not issued debt as follows:

General Capital Fund	\$49,050,000
Water Utility Capital Fund	-0-

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 4. BOND ANTICIPATION NOTES

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

As of December 31, 2017 and 2016, the Township had \$14,307,500 and \$13,967,00, respectively, in outstanding General Capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2017 and 2016.

<u>2017</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
The Depository Trust Company	\$3,415,000	\$	\$3,415,000	\$0
The Depository Trust Company	10,552,000		10,552,000	0
Oppenheimer & Co., Inc.		4,415,000		4,415,000
Oppenheimer & Co., Inc.		<u>9,892,500</u>		<u>9,892,500</u>
	<u>\$13,967,000</u>	<u>\$14,307,500</u>	<u>\$13,967,000</u>	<u>\$14,307,500</u>
<u>2016</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
The Depository Trust Company	\$3,180,500	\$3,415,000	\$3,180,500	\$3,415,000
The Depository Trust Company	<u>11,211,500</u>	<u>10,552,000</u>	<u>11,211,500</u>	<u>10,552,000</u>
	<u>\$14,392,000</u>	<u>\$13,967,000</u>	<u>\$14,392,000</u>	<u>\$13,967,000</u>

NOTE 5. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2017 which have been appropriated as revenue in the 2018 budgets are as follows:

	<u>2018</u>	<u>2017</u>
Current Fund	\$1,425,000	\$1,000,000
Water Utility	178,241	313,774
Swimming Pool Utility	87,928	51,180

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 6. ACCRUED SICK AND VACATION BENEFITS

The Township permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation at December 31, 2017 and 2016 would approximate \$4,057,097 and \$3,610,000, respectively. These amounts are not reported either as an expenditure or liability. A reserve was established in prior years for purposes of paying terminal leave benefits and is reflected herein on Exhibit A-17. The reserve balance as of December 31, 2017 and 2016 was the sum of \$400,000 and \$400,000, respectively.

NOTE 7. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

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 Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2017 and 2016, \$22,258,740 and \$19,811,601 of the Township's bank balance of \$-0- and \$-0-, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

Unaudited Investments

As more fully described in Note 15, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2017 and 2016 amounted to \$1,246,476 and \$992,665, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
American Funds Growth	\$186,070	\$144,957
Delaware VIP Small Cap Value	53,935	50,390
Fixed Account	115,986	111,270
LVIP Delaware Special Opportunities	57,136	53,035
LVIP SSGA S&P 500 Index	151,896	130,868
LVIP T. Rowe Price Structured Mid-Cap	245,009	198,210
All Others	<u>436,444</u>	<u>303,935</u>
Total	<u>\$1,246,476</u>	<u>\$992,665</u>

NOTE 8. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the years ended December 31, 2017 and 2016:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Land	\$133,198,900	\$	\$	\$133,198,900
Building	7,621,800			7,621,800
Machinery and Equipment	<u>10,228,141</u>	<u> </u>	<u>55,000</u>	<u>10,173,141</u>
	<u>\$151,048,841</u>	<u>\$ </u>	<u>\$55,000</u>	<u>\$150,993,841</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 8. FIXED ASSETS, (continued)

	Balance <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2016</u>
Land	\$35,786,800	\$97,412,100	\$	\$133,198,900
Building	5,681,100	1,940,700		7,621,800
Machinery and Equipment	<u>6,579,194</u>	<u>3,648,947</u>		<u>10,228,141</u>
	<u>\$48,047,094</u>	<u>\$103,001,747</u>	<u>\$</u>	<u>\$151,048,841</u>

NOTE 9. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2017 consist of the following:

\$338,792	Due to the General Capital Fund from the Current Fund for budgeted capital improvement funds less reimbursement for expenditures
57,282	Due to the Current Fund from the Animal License Trust Fund for statutory excess
<u>484,572</u>	Due to the Other Trust Fund from the Current Fund for tax title lien premiums
<u>\$880,646</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 10. DUE FROM N.J. MEADOWLANDS COMMISSION AND DEFERRED CHARGE TO FUTURE TAXATION - ENCAP PROJECT - TAX LITIGATION

On May 21, 2012 the Township applied to the New Jersey Local Finance Board ("LFB") to allow the issuance of two (2) refunding bonds necessary to conclude the EnCap financing; the first to fund tax balances outstanding and the second to fund the refund of tax appeals. This financing includes taxes owed on Meadowlands area property by EnCap, or successor owner. (Now the New Jersey Meadowlands Commission ("NJMC")).

The first financing totals \$1,143,000 needed to refund taxes on JCMUA property, which was to have constructed a water service line on the property to the EnCap project. This financing was approved by the LFB in August 2012 and the refunding notes were issued on October 9, 2012. This is a five (5) year debt authorization.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 10. DUE FROM N.J. MEADOWLANDS COMMISSION AND DEFERRED CHARGE TO FUTURE TAXATION - ENCAP PROJECT - TAX LITIGATION, (continued)

The second application was made so as to finance the remaining prior year's taxes owed by the NJMC to the Township; in the form of liens placed on the EnCap properties for taxes (excluding interest on tax balances). After much discussion, this application was denied by the LFB, however the LFB/DLGS did allow the Township to move forward with its 2012 Budget adoption on June 26, 2012 with an Accounts Receivable – Due from NJMC – Prior Years Taxes in the amount of \$7,813,779 on the books as of December 31, 2011.

The NJMC and the Township settled all outstanding litigation in June 2012 and the Township received a \$5,000,000 payment towards the outstanding taxes bringing the account balance to \$2,813,779. The DLGS requested that the Township make a “significant” payment toward this amount in 2012. The Township and DLGS agreed to apply the 2012 PILOT payment of \$175,000 to the outstanding amount making the then outstanding balance \$2,638,779.

This balance is now considered a “Deferred Charge to Future Taxation – EnCap Project – Tax Litigation,” inasmuch as the NJMC does not owe any taxes on the EnCap properties to the Township. To pay off this deferred charge, the Township must include a minimum of one-seventh of this amount (seven straight-line financing) or approximately \$376,857 in the budget of 2013 and thereafter until this deferred charge is paid off in full. This amount will be inside the tax levy cap and will be off-set with a minimum of \$175,000 in revenues from the PILOT – Due from the NJMC. The balance of this deferred charge on the current fund balance sheet as of December 31, 2017 and 2016 is \$754,494 and \$1,131,351, respectively. Refer to Note 11 for more information on deferred charges.

NOTE 11. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the Township of Lyndhurst:

	<u>Balance</u> <u>Dec.31.</u>	<u>Subsequent</u> <u>Year Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year Budget</u>
<u>2017</u>			
Current Fund:			
EnCap Tax Refunding - Township Portion	\$754,494	\$376,857	\$377,637
Swimming Pool Utility Fund:			
Overexpenditure of Appropriation Reserves	<u>1,074</u>	<u> </u>	<u>1,074</u>
Total Deferred Charges	<u>\$755,568</u>	<u>\$376,857</u>	<u>\$378,711</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 11. DEFERRED CHARGES

<u>2016</u>	<u>Balance</u> <u>Dec.31,</u>	<u>Subsequent</u> <u>Year Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year Budget</u>
Current Fund:			
EnCap Tax Refunding - Township Portion	<u>\$1,131,351</u>	<u>\$376,857</u>	<u>\$754,494</u>
Total Deferred Charges	<u>\$1,131,351</u>	<u>\$376,857</u>	<u>\$754,494</u>

NOTE 12. RISK MANAGEMENT

The Township 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 Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2017 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township of Lyndhurst is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) and the 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 liability and worker's compensation. The SBJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township 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 Township is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with management of the Fund, its claims administrator, and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were 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 prevention 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 coverages in any of the prior three years.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

NOTE 13. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Township provides a post-employment Employee Health Benefits Program authorized pursuant to collective bargaining agreements with applicable employee groups. In addition, the Township extends the same benefits to permanent unclassified employees. The Township of Lyndhurst provides medical, dental, and prescription drug insurance to all regular permanent full-time employees upon their successful retirement with the State of New Jersey, Division of Pensions, excluding Police retirees having less than twenty-five years of service and receiving a non-disability pension. The authorization for these post-employment benefits are found in C. 88, P.L. 1974 and C. 436, P.L. 1981.

Covered Benefits

The Township provides such health benefits pursuant to an Agreement with Oxford Health Plans. This agreement has a continuing coverage clause. The Township is also party to an Agreement with Delta Dental. The Township considers retirees who have not attained the age of 65 as “active” under this policy. Finally, the Township is party to an Agreement with Select Solutions, Inc. This I referred to as the Select Plan, which is extended by the Township to eligible retirees. An automatic renewal clause is included in the Agreement. This policy is audited by the Township at least every two years. This is a self-funded Plan with an employee co-pay per prescription. The Township has obtained excess loss insurance coverage from RxReins-Stop Loss Insurance Company for all prescriptions.

Funding Policy

The required contribution is funded on a pay-as-you-go basis with an additional amount to prefund benefits as determined annually by the Township.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 13. POST RETIREMENT BENEFITS, (continued)

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to the plan:

The Township's January 1, 2017 – Net initial annual cost of OPEB:

Retired Members (22) = \$801,044 (annual insurance premium(s))

The Township's January 1, 2017 "Normal" cost of OPEB for future retirees:

Current Police Employee (51) =	\$1,872,263
Current Eligible Regular Employees (56) =	<u>1,553,537</u>
TOTAL	<u>\$3,426,800</u>

These costs are based on the current health insurance plan design and exclude certain regular employees, those employees receiving waivers and COBRA eligible employees.

The Township's January 1, 2017 actuarial annual cost of future OPEB for current and future retirees:

Police Retirees	\$ 837,893
Non-Uniformed	<u>408,668</u>
TOTAL	<u>\$1,246,561</u>

Note: This is the estimated (projected) annual cost of current and future retirees assuming the growth in health insurance costs and that all 107 employees will retire with health benefits, spread out over a 30-year period (+/-), and with an OPEB age cap of 65 years of age.

Funded Status and Funding Progress

As of December 31, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$44,699,648, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$44,699,648.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 13. POST RETIREMENT BENEFITS, (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan member) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 14. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2017</u>	<u>Balance</u> <u>Dec 31, 2016</u>
Prepaid Taxes	<u>\$1,318,472</u>	<u>\$347,798</u>
Cash Liability for Taxes Collected in Advance	<u>\$1,318,472</u>	<u>\$347,798</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP) (UNAUDITED)

The Township of Lyndhurst Length of Service Awards Program (LOSAP) was created by Township resolution adopted on January 14, 2003 pursuant to P.L. 1997, c. 388 and Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by Reason of Length of Service Award Program as enacted into federal law in 1997. This plan is to be made available to all bona fide eligible volunteers who are performing qualified services, which is defined as firefighting and prevention services, emergency medical services and ambulance services.

The Township deems it appropriate to act to ensure retention of existing members to provide incentives for recruiting new volunteer firefighters and first aid organization members. The tax deferred income benefits for emergency services volunteers come from contributions made solely by the governing body of the municipality, on behalf of those volunteers who meet the criteria of the plan created by that governing body.

If a member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contributions of \$600 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to period increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services will issue the permitted maximum annually.

The Township of Lyndhurst has elected to contribute \$1,635 and \$1,614 for 2017 and 2016, respectively, per eligible volunteer into the Plan.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest awards shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

The Lincoln National Life Insurance Company and Lincoln Financial Group, it's agent, are the administrators of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

We have reviewed the plan for the year ended December 31, 2017 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 16. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through July 26, 2018, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 17. LITIGATION

The Township is a defendant in various legal proceedings. These cases, if decided against the Township, would either be funded by insurance or raised by future taxation. The Township expects such amounts, if any, to be immaterial.

SUPPLEMENTARY DATA

TOWNSHIP OF LYNDHURST

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office during the period under audit.

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Robert B. Giangeruso	Mayor/Commissioner	
Thomas A. DiMaggio	Commissioner	
John J. Montillo, Jr.	Commissioner	
Theodore J. Dudek (1/1/17-5/16/17)	Commissioner	
Matthew T. Ruzzo (1/1/17-5/16/17)	Commissioner	
Karen Haggerty (5/17/17-12/31/17)	Commissioner	
Richard Jarvis Sr. (5/17/17-12/31/17)	Commissioner	
Angela White	Town Clerk	(A)
Robert L. Benecke	Chief Financial Officer (Interim)	(A)
Joan Barone	Treasurer/Tax Collector	(A)
Denis McGuire	Tax Assessor	
Richard J. DiLascio	Town Attorney	(A)
George O. Savino, Esq.	Magistrate	(A)
Kim Bolton	Court Administrator	(A)
Rosario Presti, Jr., Esq.	Prosecutor	(A)
Michael Neglia	Engineer	(A)
Mark Sadonis	Construction Code Official	
Kevin Cuneo	Registrar of Vital Statistics	
James O'Connor	Chief of Police	

(A) - Statutory positions are covered under the South Bergen Municipal Joint Insurance Fund (\$50,000) and Municipal Excess Liability Joint Insurance Fund (Excess Crime Policy - Public Employee Bond - \$950,000)

TOWNSHIP OF LYNDHURST

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax rate	<u>2.901</u>	<u>2.836</u>	<u>2.747</u>
Apportionment of tax rate:			
Municipal	1.227	1.251	1.222
County	0.289	0.243	0.216
School	<u>1.385</u>	<u>1.342</u>	<u>1.309</u>

Assessed Value

2017	\$	2,678,207,859
2016		2,684,516,508
2015		2,667,861,945

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>		<u>Currently</u>		<u>Percentage of Collection</u>
		<u>Tax Levy</u>	<u>Collections</u>	
2017	\$	77,896,692	76,210,176	97.83%
2016		74,784,471	72,645,501	97.14%
2015		72,387,868	69,056,373	95.40%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentages, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

<u>Dec. 31</u>		<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2017	\$	1,208,691	758,235	1,966,926	2.53%
2016		8,603,959	614,606	9,218,565	12.33%
2015		7,295,233	582,682	7,877,915	10.88%

TOWNSHIP OF LYNDHURST

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>		<u>Amount</u>
2017	\$	7,542,000
2016		7,542,000
2015		7,542,000

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
Current Fund	Dec. 31, 2017	\$ 9,437,600	1,425,000
	Dec. 31, 2016	7,962,665	1,000,000
	Dec. 31, 2015	9,887,110	2,500,000
	Dec. 31, 2014	9,119,253	-0-
	Dec. 31, 2013	7,891,571	-0-
Water Utility Operating Fund	Dec. 31, 2017	857,799	178,241
	Dec. 31, 2016	716,111	313,774
	Dec. 31, 2015	1,156,572	1,036,343
	Dec. 31, 2014	1,732,381	1,019,568
	Dec. 31, 2013	1,338,387	363,643
Swim Pool Utility Operating Fund	Dec. 31, 2017	157,669	87,928
	Dec. 31, 2016	193,225	51,180
	Dec. 31, 2015	224,219	31,001
	Dec. 31, 2014	167,011	76,948
	Dec. 31, 2013	167,011	-0-

TOWNSHIP OF LYNDHURST
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

<u>Program</u>	<u>CFDA number</u>	<u>FAIN number</u>	<u>Grant or State Project Number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>Federal and State Grant Fund:</u>									
<u>U.S. Department of Justice:</u>									
Veterans Grant	16.607		K65723031	2014	6,412			*	*
DEA/Equitable Sharing	16.607		K65723031	2015	58,151			*	52,602
Total U.S. Department of Justice									
<u>U.S. Department of Law and Public Safety:</u>									
<u>National Highway Traffic Safety Administration:</u>									
Distracted Driving Incentive	20.616	AL-17-45-04-MH-90	066-1160-100-157	2017	5,500	5,500		*	*
Impaired Driving Countermeasure	20.616	AL-16-15-04-MS-75	066-1160-100-157	2016	4,800	5,500	4,800	*	*
Impaired Driving Countermeasure	20.616	AL-17-15-04-MS-75	066-1160-100-157	2017	5,500	5,500		*	*
Total U.S. Department of Law and Public Safety									
Total Federal and State Grant Fund									
<u>Current Fund:</u>									
<u>U.S. Department of Law and Public Safety</u>									
FEMA Reimbursement - Hurricane Sandy	97.036		2013-066-1200-100-A92	10/30/2012		168,407		(168,407)	168,407
Total Current Fund									
Total Federal Awards									
						179,407		(163,607)	221,009

This schedule was not subject to audit in accordance with the Uniform Guidance

Note: See accompanying notes to schedules of expenditures of federal and state awards.

TOWNSHIP OF LYNDHURST

Schedule of Expenditures of State and Local Financial Assistance

Year Ended December 31, 2017

	Grant number	Grant period	Award Amount	Cash Received	Expenditures	Adjustments	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:							
<u>Department of Community Affairs</u>							
Recreation Opportunities for Individuals with Disabilities	8050-022-035-5157	2015	7,500				3,338
Recreation Opportunities for Individuals with Disabilities					7,500	7,500	7,500
Special Legislative Grant - Streetscaping	8050-022-035-5157	2001	100,000				99,986
Special Legislative Grant - Furniture		2001	4,000				
Special Legislative Grant - Communication Tower		2001	250,000				217,972
Total Department of Community Affairs							
					7,500	7,500	328,796
<u>Department of Environmental Protection</u>							
Clean Communities Program	4900-765-042-4900	2015	37,221				32,582
Clean Communities Program	4900-765-042-4900	2016	42,985		22,825	42,985	
Clean Communities Program	4900-765-042-4900	2017	36,519	36,519			
Recycling Tonnage Grant	4910-100-042-4910	2011	28,387		8,990		13,667
Recycling Tonnage Grant	4910-100-042-4910	2012	27,949				
Recycling Tonnage Grant	4910-100-042-4910	2013	24,975			24,975	
Recycling Tonnage Grant	4910-100-042-4910	2014	26,661	26,661			
Recycling Tonnage Grant	4910-100-042-4910	2015	28,938	28,938			
Total Department of Environmental Protection							
				92,118	31,815	67,960	46,249
<u>Department of Justice</u>							
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2008	3,439				3,439
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2009	2,891		850		
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2010	2,553		2,844		2,844
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2012	1,834				
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2013	2,111				
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2014	2,009				
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2015	2,534				
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2016	3,142			3,142	
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2017	5,984	5,984			
Total Department of Justice							
				5,984	3,694	3,142	6,283
<u>Division of Highway and Traffic Safety</u>							
Pedestrian Safety Enforcement and Education	1160-131-066-1160	2016	5,700			5,700	
Pedestrian Safety Enforcement and Education	1160-131-066-1160	2017	7,800	7,800			
Total Division of Highway and Traffic Safety							
				7,800		5,700	

TOWNSHIP OF LYNDHURST
Schedule of Expenditures of State and Local Financial Assistance
Year Ended December 31, 2017

	Grant number	Grant period	Award Amount	Cash Received	Expenditures	Adjustments	MEMO Cumulative Total Expenditures
Department of Law and Public Safety:							
Drunk Driving Enforcement Fund	6400-100-078-6400	2015	21,399		912	*	21,399
Drunk Driving Enforcement Fund	6400-100-078-6400	2016	20,519		18,080	*	18,080
Drunk Driving Enforcement Fund	6400-100-078-6400	2017	17,333	17,333		*	
Body Armor Replacement Program	1020-718-066-1020	2013	4,703		1,505	*	4,703
Body Armor Replacement Program	1020-718-066-1020	2014	4,549		1,039	*	1,039
Body Armor Replacement Program	1020-718-066-1020	2015	4,794			*	
Body Armor Replacement Program	1020-718-066-1020	2016	4,189			4,189	*
Body Armor Replacement Program	1020-718-066-1020	2017	4,517	4,517		*	
Total Department of Law and Public Safety							
			21,850	21,536		4,189	45,221
Department of State - Cultural Affairs							
NJ State Cultural Affairs Grant (NJSCA)		2013	468			(468)	*
NJ State Cultural Affairs Grant (NJSCA)		2014	517			(517)	*
NJ State Cultural Affairs Grant (NJSCA)		2016	187			(187)	*
Total Department of State - Cultural Affairs							
						(1,172)	*
Total State Assistance							
				127,752	64,545	87,319	426,549
Other Financial Assistance:							
<u>Bergen County:</u>							
Arts Grant Program	n/a	2016	1,950	262		*	*
Arts Grant Program	n/a	2017	1,307	1,307		*	*
Prosecutor Confiscated Funds	n/a	2011	93,112			93,112	*
Other Miscellaneous Local Assistance:							
BCUA Recycling Assistance Program		2011	13,568			13,568	*
Total Local Financial Assistance							
			1,569			106,680	*
Total Federal and State Grant Fund							
			129,321	64,545	193,999	*	426,549
Total State and Local Financial Assistance							
			129,321	64,545	193,999	*	426,549

This schedule was not subject to audit in accordance with NJ OMB Circular 15-08.
 Note: See accompanying notes to schedules of expenditures of federal and state awards.

TOWNSHIP OF LYNDHURST

Schedule of Cash

Current Fund

Year ended December 31, 2017

	Current Fund	Federal & State Grant Fund
Balance - December 31, 2016	\$ 13,596,161	647,076
Increased by Receipts:		
Taxes Receivable	76,566,545	
Interfunds	255,995	
Prepaid Taxes	1,318,472	
Revenue Accounts Receivable	4,651,754	
Due from State of N.J. - Senior Citizens' and Veterans' Deductions	160,473	
Miscellaneous Revenue Not Anticipated	1,491,766	
Tax Overpayments	26,103	
Due to State of New Jersey - Marriage Fees	3,875	
Due to State of New Jersey - Construction Fees	22,569	
Tax Title Lien Premiums and Redemptions	404,078	
Various Reserves	576,985	
DEA/Equitable Sharing		154,934
Unappropriated Reserves		140,321
	<u>85,478,615</u>	<u>295,255</u>
	99,074,776	942,331
Decreased by disbursements:		
2017 Appropriations	33,097,999	
2016 Appropriation Reserves	838,823	
County Taxes	7,727,059	
County Taxes - Added and Omitted	19,913	
Local District School Tax	37,038,843	
Tax Overpayments	2,115,712	
Various Reserves	676,985	
Due to State of New Jersey - Marriage Fees	3,825	
Due to State of New Jersey - Construction Fees	20,229	
Interfunds	3,198,149	40,695
Tax Title Lien Premiums and Redemptions	475,496	
DEA/Equitable Sharing		45,742
Appropriated Reserves		64,545
	<u>85,213,033</u>	<u>150,982</u>
Balance - December 31, 2017	<u>\$ 13,861,743</u>	<u>791,349</u>

Exhibit A-5

TOWNSHIP OF LYNDHURST

Schedule of Change Fund

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$	<u>325</u>
Balance - December 31, 2017	\$	<u>325</u>
Tax Collector		100
Court		150
Building		25
Clerk		<u>50</u>
	\$	<u>325</u>

Exhibit A-6

Schedule of Due from State of New Jersey -
Chapter 20, P.L. 1971

Current Fund

Year ended December 31, 2017

Increased by Senior Citizens' and Veterans' Deductions:		
Per Tax Billings	\$	155,750
Allowed by Tax Collector		<u>63</u>
		<u>155,813</u>
		155,813
Decreased by Senior Citizens' and Veterans' Deductions:		
Disallowed by Tax Collector		7,375
Received in Cash from State		<u>160,473</u>
		<u>167,848</u>
Balance - December 31, 2017	\$	<u>(12,035)</u>

TOWNSHIP OF LYNDHURST

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year ended December 31, 2017

Year of Levy	Balance, Dec. 31, 2016	Levy	Collections		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2017
			2016	2017				
Prior	79,625						79,625	10,422
2007	447,457						437,035	10,677
2008	1,018,941						1,008,264	11,015
2009	1,290,012						1,278,997	11,810
2010	2,143,335						2,131,525	12,416
2011	2,202,791						2,190,375	30,425
2012	32,928			2,503				108,760
2013	108,760							132,969
2014	132,969			95				134,734
2015	134,829			850,007			4,149	141,140
2016	1,012,312			852,605			7,129,970	604,368
	8,603,959							604,323
2017		77,896,692	347,798	75,713,940	148,438	123,165	959,028	1,208,691
	\$ 8,603,959	77,896,692	347,798	76,566,545	148,438	140,181	8,088,998	

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 77,694,813
Added/Omitted Taxes	201,879
	\$ 77,896,692

Tax Levy:	
Local District School Tax	\$ 37,068,843
County Tax	7,727,059
County Added and Omitted Taxes	19,913
	44,815,815

Local Tax for Municipal Purposes	32,876,406
Additional Taxes	204,471
	33,080,877
	\$ 77,896,692

TOWNSHIP OF LYNDHURST

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016		\$	614,606
Increased by:			
Interest and Costs of Tax Sale	\$	3,448	
Transfer from 2016 Taxes Receivable		17,016	
Transfer from 2017 Taxes Receivable		<u>123,165</u>	
			<u>143,629</u>
Balance - December 31, 2017		\$	<u><u>758,235</u></u>

TOWNSHIP OF LYNDHURST

**Schedule of Property Acquired for Taxes
(at Assessed Valuation)**

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>7,542,000</u>
Balance - December 31, 2017	\$ <u><u>7,542,000</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec. 31, <u>2017</u>
Licenses:				
Alcoholic Beverages	\$	33,819	33,819	
Fees and Permits		89,405	89,405	
Fines and Costs:				
Municipal Court	11,910	505,596	486,729	30,777
Interest and Costs on Taxes		211,851	211,851	
Sewer Charges		181,128	181,128	
Hotel Occupancy Tax		342,530	342,530	
Consolidated Municipal Property Tax Relief Aid		143,156	143,156	
Energy Receipts Tax		1,266,184	1,266,184	
Uniform Construction Code Fees		344,727	344,727	
Franchise Fee - Comcast		93,759	93,759	
Franchise Fee - Fios		226,549	226,549	
Recycling Proceeds		36,334	36,334	
Lyndhurst BOE - Attorney Reimbursement		91,250	91,250	
PILOT NJ Meadowlands Commission		175,000	175,000	
Lyndhurst BOE - Swimming Pool		150,000	150,000	
Lyndhurst BOE - Jefferson School		140,000	140,000	
Felician - Athletic Field Usage Contract		40,000	40,000	
Ambulance Fees		372,632	372,632	
Police Off-Duty Trust Fund Contribution		80,000	80,000	
Pension Contribution - Library		96,060	96,060	
Pension Contribution - Water Utility		45,401	45,401	
Pension Contribution - Swimming Pool Utility		5,240	5,240	
	\$ <u>11,910</u>	<u>4,670,621</u>	<u>4,651,754</u>	<u>30,777</u>

TOWNSHIP OF LYNDHURST

Schedule of Interfunds

Current Fund

Year ended December 31, 2017

	Due from/(to) Balance Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, <u>2017</u>
Federal and State Grant Fund	\$	40,695	40,695	
General Capital Fund	(2,797,241)	2,893,449	435,000	(338,792)
Animal License Trust		57,282		57,282
Trust Funds:				
Other Trust Fund	<u>(573,972)</u>	<u>304,700</u>	<u>215,300</u>	<u>(484,572)</u>
	<u>\$ (3,371,213)</u>	<u>3,296,126</u>	<u>690,995</u>	<u>(766,082)</u>
Due to Current Fund	\$	97,977	40,695	57,282
Due from Current Fund	<u>(3,371,213)</u>	<u>3,198,149</u>	<u>650,300</u>	<u>(823,364)</u>
	<u>\$ (3,371,213)</u>	<u>3,296,126</u>	<u>690,995</u>	<u>(766,082)</u>
Cash Disbursements	\$	3,198,149		
Cash Receipts			255,995	
Capital Improvement Fund			250,000	
Reserve for Recreation Improvements			75,000	
Reserve for Municipal Parking Lot			110,000	
Cancelled Appropriated Grants		40,695		
Statutory Excess		<u>57,282</u>		
		<u>\$ 3,296,126</u>	<u>690,995</u>	

TOWNSHIP OF LYNDHURST

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	<u>Reduced</u>	Balance, Dec. 31, <u>2017</u>
EnCap Tax Refunding - Township Portion	\$ 1,131,351	<u>376,857</u>	<u>754,494</u>
	\$ <u>1,131,351</u>	<u>376,857</u>	<u>754,494</u>

TOWNSHIP OF LYNDHURST
Schedule of Encumbrances Payable
Current Fund
Year ended December 31, 2017

Increased by:		
Transfer from 2017 Budget	\$	<u>155,615</u>
Balance - December 31, 2017	\$	<u><u>155,615</u></u>

TOWNSHIP OF LYNDHURST

Schedule of 2016 Appropriation Reserves

Current Fund

Year ended December 31, 2017

<u>Description</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2016</u>	<u>Balance</u> <u>After</u> <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid</u> <u>or</u> <u>charged</u>	<u>Balance</u> <u>lapsed</u>
Salaries and Wages:				
Municipal Clerk	\$ 47	47		47
Tax Assessment Administration	14,499	14,499		14,499
Public Health Services	1,087	1,087		1,087
Police	1,911	1,911		1,911
911/Dispatch	10,879	10,879		10,879
Police Clerical	51,995	51,995		51,995
Emergency Medical Services	1,042	1,042		1,042
Fire Department	594,228	594,228	97,281	496,947
Township Prosecutor	34,251	34,251		34,251
Municipal Court	34,698	34,698		34,698
Road Repairs and Maintenance	17,142	17,142		17,142
Public Works Administration	11,950	11,950		11,950
Shade Trees	15,824	15,824		15,824
Snow Control	250	250		250
Recycling/Beautification Program	67	67		67
Summer Day Camp	14,162	14,162		14,162
Handicapped Persons Program	2,995	2,995		2,995
Senior Citizen Activities	6,404	6,404		6,404
Maintenance of Parks	10,563	10,563		10,563
Construction Code Official	100	100		100
Recycling/Beautification Program	1,644	1,644		1,644
Recreation Services and Programs	3,081	3,081		3,081
Summer Day Camp	10,748	10,748		10,748
Handicapped Persons Program	390	390		390
Senior Citizen Activities	2,421	2,421		2,421
Maintenance of Parks	2,347	2,347		2,347
Uniform Construction Code Official	6,155	6,155		6,155
Other Expenses:				
Central Services	299	299		299
Municipal Clerk	13,775	13,775	13,667	108
Tax Assessment Administration	419	419	419	
Planning Board:				
Other Expenses	523	523	299	224
Other Expenses - Affordable Housing Litigation	8,621	8,621	700	7,921
Zoning Board of Adjustment	68	68	68	
Rent Leveling Board	441	441	34	407
Public Health Services	409	409	334	75
Medical Transportation Program	250	250		250
Aid to Mental Health Association	1,200	1,200		1,200
Financial Administration	16,614	16,614	7,756	8,858
Revenue Administration	3,528	3,528	283	3,245
Police	7,301	7,301	6,998	303
School Marshals	917	917		917
Office of Emergency Management	1,347	1,347	10	1,337
Aid to Volunteer Fire Companies	4,055	4,055	4,049	6
Emergency Medical Services:				
Other Expenses	15,028	15,028	1,717	13,311
Other Expenses - Third Party Billing	37,815	37,815	888	36,927

TOWNSHIP OF LYNDHURST

Schedule of 2016 Appropriation Reserves

Current Fund

Year ended December 31, 2017

<u>Description</u>	Balance, Dec. 31, <u>2016</u>	Balance After Transfers and <u>Encumbrances</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Aid to Volunteer Ambulance Companies	3,365	3,365	3,188	177
Fire Department	3,379	3,379	764	2,615
Municipal Court	4,789	4,789	3,067	1,722
Public Defender	1,000	1,000		1,000
Engineering	14,799	14,799	6,640	8,159
Road Repairs and Maintenance	17,054	17,054	16,889	165
Sewer System	10,184	10,184	10,184	
Shade Tree	1,539	1,539	1,430	109
Drug and Alcohol Testing	1,000	1,000		1,000
Vehicle Maintenance	17,301	17,301	11,756	5,545
Recycling/Beautification Program				
Other Expenses	1,768	1,768	1,367	401
Other Expenses - Recycling Contract	27,143	27,143	25,252	1,891
Solid Waste Collection	36,000	36,000		36,000
Dump Fees:				
Other Expenses (Type 10)	72,567	72,567	54,390	18,177
Other Expenses (Grass and Leaves)	17,835	17,835		17,835
Township Buildings & Grounds				
Other Expenses	12,013	12,013	12,013	
Generator Testing	450	450	450	
Recreation Services and Programs	8,537	8,537	7,904	633
Handicapped Persons Program	1,075	1,075	122	953
Senior Citizen Activities	15	15		15
Maintenance of Parks	25,913	25,913	7,043	18,870
Uniform Construction Code Official				
Other Expenses	5,435	5,435	4,785	650
Other Expenses - Clean Up & Demolition	2,500	2,500		2,500
Other Expenses - Tenant Relocation	1,733	1,733		1,733
Unclassified:				
Other Insurance Premiums	307	307		307
Disability Insurance Program	2,500	2,500		2,500
Employee Group Insurance	81,074	81,074	81,074	
Unemployment Trust Contribution	6,754	6,754	1,806	4,948
General Postage Expenses	515	515		515
Legal & Other Professional Services	12,755	12,755	7,997	4,758
Legal Services - Tax Appeals	6,425	6,425	6,295	130
Legal Advertising	1,054	1,054	1,054	
Electricity	129,638	129,638	58,842	70,796
Street Lighting	63,252	63,252	42,062	21,190
Telephone	5,655	5,655	5,006	649
Gasoline	124,461	124,461	18,316	106,145
Computerized Data Processing	34,577	34,577	29,924	4,653
Celebration of Public Events	12,978	12,978	9,749	3,229
Shared Service Operating Expenses	15,440	15,440		15,440
Vehicle Maintenance	1,919	1,919	1,852	67
Swimming Pool - Other Expenses	1,000	1,000		1,000
DEP Fees - Trust Loan (CW)	7,975	7,975		7,975
Contingent	29,422	29,422	22,447	6,975
Statutory Expenditures:				
Social Security System (O.A.S.I.)	22,125	22,125	839	21,286

TOWNSHIP OF LYNDHURST

Schedule of 2016 Appropriation Reserves

Current Fund

Year ended December 31, 2017

<u>Description</u>	Balance, Dec. 31, 2016	Balance After Transfers and Encumbrances	Paid or charged	Balance lapsed
Operations - Excluded From "CAPS"				
Maintenance of Free Public Library Contribution	230,445	230,445	230,445	
LOSAP	23,029	23,029	19,368	3,661
911 Service	14,585	14,585		14,585
Capital Improvements-Excluded from "CAPS"				
Acquisition of Heavy Truck & Related Equipment	5,868	5,868		5,868
Reconstruction of Municipal Building Parking Lot	75,938	75,938		75,938
Acquisition of Recreation Mobile Van	15,750	15,750		15,750
Acquisition of Park Maintenance Vehicle	5,123	5,123		5,123
	<u>\$ 2,181,448</u>	<u>2,181,448</u>	<u>838,823</u>	<u>1,342,625</u>

Appropriation Reserves \$ 2,181,448

Exhibit A-15

TOWNSHIP OF LYNDHURST

Schedule of Amount Due to State of New Jersey -

Construction Fees

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$	4,251
Increased by:		
Fees Collected		<u>22,569</u>
		26,820
Decreased by:		
Cash Disbursements		<u>20,229</u>
Balance - December 31, 2017	\$	<u>6,591</u>

Exhibit A-16

Schedule of Amount Due to State of New Jersey -

Marriage License Fees

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$	975
Increased by:		
Fees Collected		<u>3,875</u>
		4,850
Decreased by:		
Cash Disbursements		<u>3,825</u>
Balance - December 31, 2017	\$	<u>1,025</u>

TOWNSHIP OF LYNDHURST

Schedule of Various Reserves

Current Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Added in 2017	<u>Reduced</u>	Balance, Dec. 31, <u>2017</u>
Police Accumulated Absences	\$ 400,000			400,000
Health Insurance Contributions	<u>383,666</u>	<u>576,985</u>	<u>676,985</u>	<u>283,666</u>
	<u>\$ 783,666</u>	<u>576,985</u>	<u>676,985</u>	<u>683,666</u>

TOWNSHIP OF LYNDHURST

Schedule of Outside Tax
Title Lien Redemptions

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ 75,821
Increased by:	
Cash Receipts	<u>404,078</u>
	479,899
Decreased by:	
Cash Disbursements	<u>475,496</u>
Balance - December 31, 2017	<u><u>\$ 4,403</u></u>
	<u>Analysis of Balance</u>
Redeemed not Refunded \$	<u><u>4,403</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ 347,798
Increased by:	
Cash Receipts	<u>1,318,472</u>
	1,666,270
Decreased by:	
Applied to 2017 Taxes	<u>347,798</u>
Balance - December 31, 2017	<u><u>\$ 1,318,472</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2017

Increased by:

Cash Receipts	\$	26,103
Tax Appeals - Fund Balance		<u>2,089,609</u>

\$ 2,115,712

Decreased by:

Cash Disbursements	\$	<u><u>2,115,712</u></u>
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TOWNSHIP OF LYNDHURST

Schedule of (Prepaid)/School Taxes Payable

Current Fund

Year ended December 31, 2017

Increased by:	
Levy - Calender Year 2017	\$ 37,068,843
Decreased by:	
Cash Disbursements	<u>37,038,843</u>
Balance - December 31, 2017	\$ <u><u>30,000</u></u>

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2017

Increased by:	
2017 General County Levy	\$ 7,410,599
2017 County Open Space Levy	<u>316,460</u>
	\$ <u>7,727,059</u>
Decreased by:	
Cash Disbursements	\$ <u><u>7,727,059</u></u>

TOWNSHIP OF LYNDHURST

**Schedule of Due County for
Added and Omitted Taxes**

Current Fund

Year ended December 31, 2017

Increased by:

County Share of Added and Omitted Taxes \$ 19,913

Decreased by:

Cash Disbursements \$ 19,913

TOWNSHIP OF LYNDHURST
Schedule of Due from Current Fund
Federal and State Grant Fund
Year ended December 31, 2017

Increased by:	
Appropriated Grant Reserves Cancelled	\$ <u>40,695</u>
Decreased by:	
Cash Disbursements	\$ <u><u>40,695</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2017

<u>Purpose</u>	<u>Revenue</u>	<u>Received</u>
Alcohol Education Rehabilitation	\$ 3,142	3,142
Pedestrian Safety Enforcement & Education Fund	5,700	5,700
Impaired Driving Countermeasures	4,800	4,800
Body Armor Replacement Grant	4,189	4,189
Recycling Tonnage	24,975	24,975
Clean Communities Program	42,985	42,985
Recreation Opportunities for Individuals with Disabilities	7,500	7,500
Bergen County Arts Grant	1,688	1,688
	<u>\$ 94,979</u>	<u>94,979</u>
Unappropriated Reserves	\$	<u>94,979</u>

TOWNSHIP OF LYNDHURST

Schedule of Appropriated Reserves

Federal and State Grant Funds

Year ended December 31, 2017

Grant	Balance Dec. 31, 2016	Transferred from 2017 Budget Appropriations	Expended	Cancelled	Balance Dec. 31, 2017
Fire Department FEMA - Veterans	\$ 6,412				6,412
Fire Department FEMA - DEA/Equitable Sharing	5,549				5,549
Impaired Driving Countermeasure - 2016		4,800			4,800
Pedestrian Safety Enforcement & Education Fund - 2016		5,700			5,700
Recreation Opportunities for Individuals with Disabilities (ROID) - 2016	4,162				4,162
Recreation Opportunities for Individuals with Disabilities (ROID) - 2017		7,500	7,500		
Special Legislative Grant - Street Scaping	14				14
Special Legislative Grant - Furniture	4,000				4,000
Special Legislative Grant - Communications Tower	32,028				32,028
Body Armor Replacement Program - 2013	1,505		1,505		
Body Armor Replacement Program - 2014	4,549		1,039		3,510
Body Armor Replacement Program - 2015	4,794				4,794
Body Armor Replacement Program - 2016		4,189			4,189
Recycling Tonnage Grant - 2011	23,710		8,990		14,720
Recycling Tonnage Grant - 2012	27,950				27,950
Recycling Tonnage Grant - 2013		24,975			24,975
Clean Communities Program - 2015	27,464		22,825		4,639
Clean Communities Program - 2016		42,985			42,985
Alcohol Education Rehabilitation Program - 2008	850		850		
Alcohol Education Rehabilitation Program - 2009	2,891		2,844		47
Alcohol Education Rehabilitation Program - 2010	2,553				2,553
Alcohol Education Rehabilitation Program - 2012	1,834				1,834
Alcohol Education Rehabilitation Program - 2013	2,111				2,111
Alcohol Education Rehabilitation Program - 2014	2,009				2,009
Alcohol Education Rehabilitation Program - 2015	2,534				2,534
Alcohol Education Rehabilitation Program - 2016		3,142			3,142
Drunk Driving Enforcement Fund - 2015	912		912		
Drunk Driving Enforcement Fund - 2016	20,518		18,080		2,438
NJ State Cultural Affairs Grant (NJSCA) - 2013	468			468	
NJ State Cultural Affairs Grant (NJSCA) - 2014	517			517	
NJ State Cultural Affairs Grant (NJSCA) - 2015	187			187	
BC Prosecutor Confiscated Funds	93,112				93,112
Barringer Walker Defibrulators	3,472			3,472	
BCUA Recycling Assistance Program (MRAP)	13,568				13,568
Comcast Grant	25,500			25,500	
Bergen County Arts Grant - 2015	1,013			1,013	
Bergen County Arts Grant - 2016		1,688		1,688	
Private Donations	7,750			7,750	
Private Donation - Lower Passaic River (CPG)	100			100	
	<u>\$ 324,036</u>	<u>94,979</u>	<u>64,545</u>	<u>40,695</u>	<u>313,775</u>
Budget Appropriations		<u>\$ 94,979</u>			

Exhibit A-27

TOWNSHIP OF LYNDHURST

Reserve for Encumbrances

Federal and State Grant Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>6,066</u>
Decreased By:	
Cancelled	\$ <u><u>6,066</u></u>

Exhibit A-28

Reserve for FEMA Reimbursements - 2011 Storms

Federal and State Grant Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>45,761</u>
Balance - December 31, 2017	\$ <u><u>45,761</u></u>

TOWNSHIP OF LYNDHURST

Reserve for DEA/Equitable Sharing

Federal and State Grant Fund

Year ended December 31, 2017

Balance - December 31, 2016		\$	176,234
Increased By:			
Cash Receipts	\$	154,934	
Encumbrances Cancelled		<u>6,066</u>	
			<u>161,000</u>
			337,234
Decreased By:			
Cash Disbursements			<u>45,742</u>
Balance - December 31, 2017		\$	<u><u>291,492</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year ended December 31, 2017

<u>Grant</u>	Balance Dec. 31, <u>2016</u>	2017 Budget <u>Appropriations</u>	Cash <u>Received</u>	Balance Dec. 31, <u>2017</u>
Alcohol Education Rehabilitation Program	\$ 3,142	3,142	5,984	5,984
Drunk Driving Enforcement Fund			17,333	17,333
Recycling Tonnage Grant	24,975	24,975	55,599	55,599
Body Armor Replacement Program	4,189	4,189	4,517	4,517
Clean Communities Program	42,985	42,985	36,519	36,519
Recreation Opportunities for Individuals with Disabilities (ROID)	7,500	7,500		
Bergen County Arts Grant	1,688	1,688	1,569	1,569
Pedestrian Safety Enforcement & Education	5,700	5,700	7,800	7,800
Distracted Driving Incentive			5,500	5,500
Impaired Driving Countermeasures	4,800	4,800	5,500	5,500
	<u>\$ 94,979</u>	<u>94,979</u>	<u>140,321</u>	<u>140,321</u>

TOWNSHIP OF LYNDDHURST

Schedule of Cash

Trust Funds

Year Ended December 31, 2017

	Dog License Trust Fund	Other Trust Fund	Unemployment Insurance Trust Fund	LOSAP Trust Fund
Balance - December 31, 2016	\$ 65,995	1,315,482	6,076	992,665
Increase by Receipts:				
Reserve for Animal Trust Expenditures	7,453			
Due to the State of New Jersey	1,377	1,839,288		
Various Reserves and Deposits				67,788
Contributions				53,956
Adjustment for EMT				197,882
Gain on Investment				
Total Receipts	8,830	1,839,288		319,626
	74,825	3,154,770	6,076	1,312,291
Decreased by Disbursements:				
Reserve for Animal Trust Expenditures	8			
Due to the State of New Jersey	1,377	1,832,153		
Various Reserves and Deposits				2,425
Account Charges/Tax				63,390
LOSAP Distributions				
Total Disbursements	1,385	1,832,153		65,815
Balance - December 31, 2017	\$ 73,440	1,322,617	6,076	1,246,476

Exhibit B-2

TOWNSHIP OF LYNDHURST

Schedule of Due to State of New Jersey

Trust Funds

Year Ended December 31, 2017

	Dog License <u>Fees</u>
Increased by:	
Dog License Fees	\$ <u>1,377</u>
Decreased by:	
Cash Disbursements	\$ <u><u>1,377</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Interfunds Receivable/(Payable)

Trust Funds

Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Other Trust Fund:				
Current Fund	\$ 573,972	215,300	304,700	484,572
Total Other Trust	<u>573,972</u>	<u>215,300</u>	<u>304,700</u>	<u>484,572</u>
Animal Trust Fund				
Current Fund	<u> </u>	<u> </u>	57,282	(57,282)
Total Animal Trust Fund	<u> </u>	<u> </u>	<u>57,282</u>	<u>(57,282)</u>
	<u>\$ 573,972</u>	<u>215,300</u>	<u>361,982</u>	<u>427,290</u>
Tax Sale Premiums	\$	215,300	304,700	
Statutory Excess		<u> </u>	57,282	
		<u>\$ 215,300</u>	<u>361,982</u>	

TOWNSHIP OF LYNDHURST

Schedule of Various Reserves and Deposits

Trust Funds

Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2017</u>
Developers & Escrow Deposits	\$ 420,249	10,778	75,068	355,959
Maintenance Bonds		10,000	2,000	8,000
100th Anniversary		105,073	104,669	404
Marriage Fees	4,000	2,600	5,666	934
Tax Sale Premiums	658,872	215,300	304,700	569,472
BOE Gasoline Trust	92,642	17,520	110,162	
Municipal Alliance	7,691		7,691	
Off-Duty Police	83,718	537,416	422,932	198,202
POAA Expenditures	16,344	3,390		19,734
Employee Health Fund	144,476	98,081	102,822	139,735
COAH	103,009	1,135		104,144
Chemical Control	107		107	
Construction Code	24,496		24,496	
Recreation	332,753	678,875	604,025	407,603
EMS Fees	1,097	374,420	372,515	3,002
	<u>\$ 1,889,454</u>	<u>2,054,588</u>	<u>2,136,853</u>	<u>1,807,189</u>

Cash Receipts	\$ 1,839,288	
Cash Disbursements		1,832,153
Interfunds	<u>215,300</u>	<u>304,700</u>
	<u>\$ 2,054,588</u>	<u>2,136,853</u>

TOWNSHIP OF LYNDHURST
Schedule of Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2017

Balance - December 31, 2016		\$	65,995
Increased by:			
Dog License Fees	\$		6,663
Miscellaneous Revenue:			
Late Fees - Dog			790
			7,453
			73,448
Decreased by:			
Expenditures Under R.S. 4:19-15.11			8
Statutory Excess Due to Current Fund			57,282
			57,290
Balance - December 31, 2017		\$	16,158

Animal License Fees Collected

<u>Year</u>			
2015	\$		8,774
2016			7,384
Maximum Reserve	\$		16,158

TOWNSHIP OF LYNDHURST

**Schedule of Reserve for Unemployment
Compensation Insurance Fund**

Trust Funds

Year Ended December 31, 2017

Balance - December 31, 2016	\$ <u>6,076</u>
Balance - December 31, 2017	\$ <u><u>6,076</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Service Award Contributions Receivable

Trust Funds

Year Ended December 31, 2017

Increased by:

2016 Service Award Contributions	\$	67,788
2017 Service Award Contributions		<u>44,145</u>

\$ 111,933

Decreased by:

Distributions		<u>67,788</u>
---------------	--	---------------

Balance - December 31, 2017

\$ 44,145

TOWNSHIP OF LYNDHURST
Schedule of Net Assets Available for Benefits
Trust Funds
Year Ended December 31, 2017

Balance - December 31, 2016		\$ 992,665
Increased by:		
2017 Contributions	\$ 44,145	
2016 Contributions	67,788	
Gain on Investment	197,882	
Adjustment for EMT	<u>53,956</u>	
		<u>363,771</u>
		1,356,436
Decreased by:		
Account Charges/Tax	2,425	
Distributions	<u>63,390</u>	
		<u>65,815</u>
Balance - December 31, 2017		<u><u>\$ 1,290,621</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Cash

General Capital Fund

Year Ended December 31, 2017

Balance - December 31, 2016		\$	1,820,335
Increased by Receipts:			
Interfunds	\$	2,797,241	
Fund Balance		65,196	
Bond Anticipation Notes		<u>2,215,000</u>	
			<u>5,077,437</u>
			6,897,772
Decreased by Disbursements:			
Improvement Authorizations			<u>3,686,105</u>
Balance - December 31, 2017		\$	<u><u>3,211,667</u></u>

TOWNSHIP OF LYNDHURST

Analysis of Cash

General Capital Fund

Year Ended December 31, 2017

Fund Balance	\$	291,611
Interfund Accounts Receivable		(338,792)
Reserve for Recreation Facility Improvements		75,000
Reserve for Municipal Parking Lot Improvements		110,000
Capital Improvement Fund		307,841
Reserve for Payment of Debt		145,357

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
2472-02	Acquisition of Real Property	1,294
2561-06	Construction of Shared Services Building	10
2566-06	Acquisition of Real Property	722
2714-09	Acquisition of Computer Equipment - Police	3,825
2741-10	Refurbish Pump Stations	1,742,823
2742-10	Various Capital Improvements	56,699
2744-10	GPS in DPW Vehicles	1,204
2769-10	Pump Stations/Outfalls	13,360
2782-10	Equipment for Band/Music Program	2,580
2802-11	Acquisition of Real Property	898
2814-11	Reconstruction of Court Avenue	118,833
2854-12	JCMUA Tax Appeal Refunding	8,177
2858-12	Various Public Improvements	11,720
2868-12	Acquisition of Ambulance	10,963
2916-15	2015 Road Resurfacing Program/Acquisition of Dump Truck	34,219
2936-16	2016 Road Resurfacing Program	174,056
2941-16	Acquisition of Lincoln School	342,123
2962-17	Acquisition of Pumper Fire Truck and New Ladder Fire Truck	97,144
		<u>\$ 3,211,667</u>

TOWNSHIP OF LYNDHURST

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2017

	Due from/(to) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Current Fund	\$ 2,797,241	435,000	2,893,449	338,792
	<u>\$ 2,797,241</u>	<u>435,000</u>	<u>2,893,449</u>	<u>338,792</u>
			Cash Receipts \$ 2,797,241	
			Reimbursement for Expenditures Paid 96,208	
		Reserve for Recreation Facility Improvements 75,000		
		Reserve for Municipal Parking Lot Improvements 110,000		
		Capital Improvement Fund 250,000		
		<u>\$ 435,000</u>	<u>2,893,449</u>	

TOWNSHIP OF LYNDHURST

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended December 31, 2017

Balance - December 31, 2016 \$ 32,461,281

Decreased by:

Current Year Budget Appropriations:

NJ Environmental Infrastructure Trust Loans	\$	148,947
Bond Principal		2,698,000
NJ Environmental Infrastructure Trust Loans Savings Credit (Principal)		<u>119,000</u>

2,965,947

Balance - December 31, 2017 \$ 29,495,334

Analysis of Balance:

NJEIT Loans Payable	\$	2,135,334
Bonds Payable		<u>27,360,000</u>

\$ 29,495,334

TOWNSHIP OF LYNDHURST

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Funded	Balance Dec. 31, 2017	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
	General Improvements:							
2741-10	Refurbish Pump Stations	\$ 330,000		50,000	280,000	280,000		
2772-10	Tax Appeal Refunding Bonds	1,000,000		1,000,000				
2802-11	Acquisition of Real Property	340,000		40,000	300,000	300,000		
2812-11	Reconstruction of Jay Avenue	100,000		100,000				
2814-11	Reconstruction of Court Avenue	200,000		25,000	175,000	175,000		
2832-12	NJMC Third Party Tax Lien Refunding	10,552,000		659,500	9,892,500	9,892,500		
2916-15	2015 Road Resurfacing Program/Acquisition of Dump Truck	1,445,000			1,445,000	1,445,000		
2936-16	2016 Road Resurfacing Program	2,215,000			2,215,000	2,215,000		
2941-16	Acquisition of Lincoln School	47,500,000			47,500,000			47,500,000
2962-17	Acquisition of Pumper Fire Truck and New Ladder Fire Truck		1,550,000		1,550,000			1,550,000
		<u>\$ 63,682,000</u>	<u>1,550,000</u>	<u>1,874,500</u>	<u>63,357,500</u>	<u>14,307,500</u>		<u>49,050,000</u>

Budget Appropriations \$ 1,874,500

Improvement Authorizations - Unfunded 49,658,006

Less: Unexpended proceeds of Bond Anticipation Notes

Ordinance:	
2741-10	\$ 280,000
2802-11	898
2814-11	118,833
2916-15	34,219
2936-16	174,056

608,006

\$ 49,050,000

TOWNSHIP OF LYNDHURST

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017	
			Date	Amount					
General Improvement Bonds	May 1, 2001	8,523,000			\$	518,000	518,000		
General Improvement Bonds	March 1, 2005	5,795,000	10/01/18	425,000	3.700%	1,270,000	425,000	845,000	
			10/01/19	420,000	3.750%				
General Obligation Bonds, BCIA Series 2005	May 1, 2005	2,900,000	06/01/18	105,000	5.000%	2,070,000	105,000	1,965,000	
			06/01/19	110,000	5.000%				
			06/01/20	115,000	5.000%				
			06/01/21	120,000	5.000%				
			06/01/22	125,000	5.000%				
			06/01/23	130,000	5.000%				
			06/01/24	135,000	5.000%				
			06/01/25	140,000	5.000%				
			06/01/26	145,000	5.000%				
			06/01/27	150,000	5.000%				
			06/01/28	160,000	5.000%				
			06/01/29	170,000	5.000%				
			06/01/30	175,000	5.000%				
			06/01/31	185,000	5.000%				
General Improvement Bonds	Aug. 15, 2013	30,500,000	08/15/18	1,750,000	3.500%	26,200,000	1,650,000	24,550,000	
			08/15/19	1,850,000	3.500%				
			08/15/20	1,900,000	3.500%				
			08/15/21	2,000,000	3.500%				
			08/15/22	2,200,000	3.500%				
			08/15/23	2,250,000	3.500%				
			08/15/24	2,350,000	3.750%				
			08/15/25	2,400,000	4.000%				
			08/15/26	2,550,000	4.250%				
			08/15/27	2,600,000	4.500%				
			08/15/28	2,700,000	4.500%				
						\$	30,058,000	2,698,000	27,360,000

TOWNSHIP OF LYNDHURST
Schedule of New Jersey Environmental Infrastructure Trust Loan Payable

General Capital Fund

Year Ended December 31, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date</u>	<u>Maturities of Bonds Outstanding, December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
				<u>Amount</u>	<u>Amount</u>				
Trust Share	12/02/10	\$ 1,535,000	08/01/18	65,000	\$	5.00%	1,255,000	184,000	1,071,000
			08/01/19	70,000		5.00%			
			08/01/20	67,000		5.00%			
			08/01/21	71,000		5.00%			
			08/01/22	71,000		4.00%			
			08/01/23	76,000		4.00%			
			08/01/24	80,000		5.00%			
			08/01/25	85,000		5.00%			
			08/01/26	89,000		4.25%			
			08/01/27	94,000		4.50%			
			08/01/28	97,000		4.50%			
			08/01/29	101,000		4.50%			
			08/01/30	105,000		4.25%			
Fund Share	12/02/10	1,568,018	02/01/18	27,982	*	*	1,148,281	83,947	1,064,334
			08/01/18	55,965	*	*			
			02/01/19	27,982	*	*			
			08/01/19	55,965	*	*			
			02/01/20	27,982	*	*			
			08/01/20	55,965	*	*			
			02/01/21	27,982	*	*			
			08/01/21	55,965	*	*			
			02/01/22	27,982	*	*			
			08/01/22	55,965	*	*			
			02/01/23	27,982	*	*			

TOWNSHIP OF LYNDHURST

Schedule of New Jersey Environmental Infrastructure Trust Loan Payable

General Capital Fund

Year Ended December 31, 2017

Purpose Fund Share, (Continued)	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
			08/01/23	55,965	*			
			02/01/24	27,982	*			
			08/01/24	55,965	*			
			02/01/25	27,982	*			
			08/01/25	55,965	*			
			02/01/26	27,982	*			
			08/01/26	55,965	*			
			02/01/27	27,982	*			
			08/01/27	55,965	*			
			02/01/28	27,982	*			
			08/01/28	55,965	*			
			02/01/29	27,982	*			
			08/01/29	55,965	*			
			02/01/30	27,982	*			
			08/01/30	28,988	*			
						\$ 2,403,281	267,947	2,135,334

Budget Appropriation \$ 148,947
Savings Credit (Principal) 119,000

\$ 267,947

* - Interest Free

TOWNSHIP OF LYNDHURST

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year ended December 31, 2017

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance Dec.31 2016	Increased	Decreased	Balance, Dec.31, 2017
2741-10	Various Sewer Improvements	02/18/11	02/10/17	02/09/18	2.00%	\$ 330,000	280,000	330,000	280,000
2772-10	Tax Appeal Refunding Bonds	10/07/10				1,000,000	1,000,000	1,000,000	300,000
2802-11	Acquisition of Real Property	02/17/12	02/10/17	02/09/18	2.00%	340,000	300,000	340,000	300,000
2812-11	Reconstruction of Jay Avenue	02/17/12				100,000	100,000	100,000	175,000
2814-11	Reconstruction of Court Avenue	02/01/12	02/10/17	02/09/18	2.00%	200,000	175,000	200,000	1,445,000
2916-15	Road Program/Acquisition of Dump Truck	02/11/16	02/10/17	02/09/18	2.00%	1,445,000	1,445,000	1,445,000	2,215,000
2936-16	2016 Road Resurfacing Program	02/10/17	02/10/17	02/09/18	2.00%		2,215,000		
2832-12	NJMC 3rd Party Tax Lien Refunding	03/22/12	03/16/17	03/15/18	2.00%	10,552,000	9,892,500	10,552,000	9,892,500
						\$ 13,967,000	14,307,500	13,967,000	14,307,500
							Cash \$ 2,215,000	1,874,500	
							Budget Appropriation Renewed 12,092,500	12,092,500	
							\$ 14,307,500	13,967,000	

TOWNSHIP OF LYNDHURST

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance Dec. 31, 2017	
			Funded	Unfunded			Funded	Unfunded
2472-02	Acquisition of Real Property	3,500,000		1,294			1,294	
2561-06	Construction of Shared Services Building	2,900,000	10				10	
2566-06	Acquisition of Real Property	650,000	722				722	
2714-09	Acquisition of Computer Equipment - Police	100,000		3,825			3,825	
2741-10	Refurbish Pump Stations	2,750,000		1,936,061		193,238	1,462,823	280,000
2742-10	Various Capital Improvements	770,000	56,699				56,699	
2744-10	GPS in DPW Vehicles	15,000		1,204			1,204	
2769-10	Pump Stations/Outfalls	3,350,000	2,580	34,563			13,360	
2782-10	Equipment for Band/Music Program	100,000			21,203		2,580	
2802-11	Acquisition of Real Property	435,000		898				898
2814-11	Reconstruction of Court Avenue	375,000		125,612				118,833
2854-12	JCMUA Tax Appeal Refunding	1,143,000		8,177		6,779	8,177	
2858-12	Various Public Improvements	1,249,100	11,720				11,720	
2868-12	Acquisition of Ambulance	50,000	10,963				10,963	
2916-15	2015 Road Resurfacing Program/Acquisition of Dump Truck	1,540,000		50,254				34,219
2936-16	2016 Road Resurfacing Program	2,355,000		1,558,381				174,056
2941-16	Acquisition of Lincoln School	50,000,000	2,500,000	47,500,000			342,123	47,500,000
2962-17	Acquisition of Pumper Fire Truck and New Ladder Fire Truck	1,650,000			1,650,000	2,856	97,144	1,550,000
			\$ 2,582,694	51,220,269	1,650,000	3,782,313	2,012,644	49,658,006
			Capital Improvement Fund \$ 100,000					
			Deferred Charges - Unfunded 1,550,000					
			\$ 1,650,000					
			Interfunds \$ 96,208					
			Cash Disbursements 3,686,105					
			\$ 3,782,313					

Exhibit C-11

TOWNSHIP OF LYNDHURST

Schedule of Reserve for Recreation Facility Improvements

General Capital Fund

Year Ended December 31, 2017

Increased by:		
Budget Appropriation	\$	<u>75,000</u>
Balance - December 31, 2017	\$	<u><u>75,000</u></u>

Exhibit C-12

Schedule of Reserve for Municipal Parking Lot Improvements

General Capital Fund

Year Ended December 31, 2017

Increased by:		
Budget Appropriation	\$	<u>110,000</u>
Balance - December 31, 2017	\$	<u><u>110,000</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2017

Balance - December 31, 2016	\$ 157,841
Increased by:	
Budget Appropriation	<u>250,000</u>
	407,841
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>100,000</u>
Balance - December 31, 2017	\$ <u><u>307,841</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2017

Balance - December 31, 2016	\$ <u>145,357</u>
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Balance - December 31, 2017	\$ <u><u>145,357</u></u>
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Analysis of Balance

Ord. 2936-16 - Sanford Avenue Impr. - Phase II	\$ <u><u>145,357</u></u>
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TOWNSHIP OF LYNDHURST

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
<u>General Improvements:</u>					
2936-16	2016 Road Resurfacing Program	\$ 2,215,000		2,215,000	
2941-16	Acquisition of Lincoln School	47,500,000			47,500,000
2962-17	Acquisition of Pumper Fire Truck and New Ladder Fire Truck		1,550,000		1,550,000
		<u>\$ 49,715,000</u>	<u>1,550,000</u>	<u>2,215,000</u>	<u>49,050,000</u>
			Bond Anticipation Notes \$	<u>2,215,000</u>	

TOWNSHIP OF LYNDHURST

Schedule of Cash - Treasurer

Water Utility Fund

Year Ended December 31, 2017

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2016	\$ 1,855,024	\$ 7,134
Increased by Receipts:		
Water Collector	4,109,568	
Miscellaneous Revenue Not Anticipated	23,910	
Overpayments	19,264	
	<u>4,152,742</u>	
	6,007,766	7,134
Decreased by Disbursements:		
2017 Appropriations	3,178,623	
2016 Appropriation Reserves	396,715	
Accrued Interest on Bonds and Loans	327,524	
	<u>3,902,862</u>	
Balance, December 31, 2017	<u>\$ 2,104,904</u>	<u>\$ 7,134</u>

TOWNSHIP OF LYNDHURST

Analysis of Cash

Water Utility Capital Fund

Year Ended December 31, 2017

		Balance, Dec. 31, <u>2017</u>
Capital Improvement Fund		\$ 600
Capital Fund Balance		825
Improvement Authorizations:		
Ordinance		
<u>number</u>	<u>General Improvements</u>	
2377	Installation of Water Mains - Ridge Road and Second Avenue	4,883
2378	Acquisition and Installation of Water Meter Reading System	640
2747	Water Utility Renewal	186
		<hr/>
		\$ <u><u>7,134</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Consumers' Accounts Receivable -
Operating Fund

Water Utility Operating Fund

Year Ended December 31, 2017

Balance, December 31, 2016		\$	503,682
Increased by:			
2017 Levy	\$	4,020,380	
Adjustment		<u>43,031</u>	
			<u>4,063,411</u>
			4,567,093
Decreased by:			
Cash Receipts		3,898,196	
Overpayments Applied		<u>1,704</u>	
			<u>3,899,900</u>
Balance, December 31, 2017		\$	<u><u>667,193</u></u>

TOWNSHIP OF LYNDHURST
Schedule of Water Utility Liens
Water Utility Operating Fund
Year Ended December 31, 2017

Balance, December 31, 2016	\$ <u>198</u>
Balance, December 31, 2017	\$ <u><u>198</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2017

<u>Account</u>	Balance, Dec. 31, <u>2016</u>	Balance, Dec. 31, <u>2017</u>
Unallocated	\$ <u>21,492,654</u>	\$ <u>21,492,654</u>
	\$ <u><u>21,492,654</u></u>	\$ <u><u>21,492,654</u></u>

TOWNSHIP OF LYNDHURST

Schedule of 2016 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2017

	Balance, December 31, <u>2016</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 67,308	67,308		67,308
Other Expenses	30,517	30,517	18,451	12,066
Water Purchase	337,195	702,779	365,988	336,791
Group Insurance	13,345	13,345	2,057	11,288
Other Insurance	35,000	35,000		35,000
Audit	10,000	10,000		10,000
Legal Services	20,000	20,000		20,000
DEP Fees - Trust Loan (DW)	25,239	25,239		25,239
	<u>538,604</u>	<u>904,188</u>	<u>386,496</u>	<u>517,692</u>
Total Operating				
Capital Improvements:				
Capital Outlay	16,737	16,737	10,219	6,518
	<u>16,737</u>	<u>16,737</u>	<u>10,219</u>	<u>6,518</u>
Total Capital Improvements				
Statutory Expenditures - Contribution to:				
Social Security System (O.A.S.I.)	7,216	7,216		7,216
	<u>7,216</u>	<u>7,216</u>		<u>7,216</u>
Total Statutory Expenditures				
	<u>\$ 562,557</u>	<u>928,141</u>	<u>396,715</u>	<u>531,426</u>
		Encumbrances \$ 365,584		
		Appropriation Reserves <u>562,557</u>		
		<u>\$ 928,141</u>		

TOWNSHIP OF LYNDHURST

Schedule of Encumbrances Payable

Water Utility Operating Fund

Year Ended December 31, 2017

Balance, December 31, 2016	\$	365,584
Increased by:		
Transferred from Current Year Budget		<u>170,539</u>
		536,123
Decreased by:		
Transferred to Appropriation Reserves		<u>365,584</u>
Balance, December 31, 2017	\$	<u><u>170,539</u></u>

Exhibit D-12

TOWNSHIP OF LYNDHURST
Schedule of Water Rent Overpayments
Water Utility Operating Fund
Year Ended December 31, 2017

Balance, December 31, 2016	\$	1,704
Increased by:		
Cash Receipts		<u>19,264</u>
		20,968
Decreased by:		
Applied		<u>1,704</u>
Balance, December 31, 2017	\$	<u><u>19,264</u></u>

Exhibit D-13

Schedule of Tax Sale Premiums
Water Utility Operating Fund
Year Ended December 31, 2017

Balance, December 31, 2016	\$	<u>104,833</u>
Balance, December 31, 2017	\$	<u><u>104,833</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Accrued Interest on Bonds and Loans

Water Utility Fund

Year Ended December 31, 2017

Balance, December 31, 2016	\$ 104,335
Increased by:	
Budget Appropriation	<u>327,524</u>
	431,859
Decreased by:	
Payments	<u>327,524</u>
Balance, December 31, 2017	<u><u>\$ 104,335</u></u>

<u>Analysis of Balance</u>	<u>Principal Outstanding December 31, 2017</u>	<u>Period</u>	<u>Interest Rate</u>	<u>Required Amount</u>
Refunding Bonds	1,395,000	.5 months	Various	2,442
Serial Bonds	2,320,000	4.5 months	Various	30,450
NJEIT Loan	4,090,000	5 months	Various	<u>60,763</u>
				<u><u>\$ 93,654</u></u>

TOWNSHIP OF LYNDHURST
Schedule of Water Utility Serial Bonds
Water Utility Capital Fund
Year Ended December 31, 2017

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, December 31, 2017	Interest rate	Balance, Dec. 31, 2016	Increased	Decreased	Balance, Dec. 31, 2017	
									Date
General Obligation Bonds - Series 2001	May 1, 2001	3,105,000			\$ 1,610,000		1,610,000		
General Obligation Bonds - Series 2013	August 15, 2013	3,390,000	August 15, 2018 320,000 August 15, 2019 350,000 August 15, 2020 350,000 August 15, 2021 400,000 August 15, 2022 450,000 August 15, 2023 450,000	3.50% 3.50% 3.50% 3.50% 3.50% 3.50%	2,620,000		300,000	2,320,000	
Refunding Bonds	December 21, 2017	1,395,000	February 15, 2018 135,000 February 15, 2019 110,000 February 15, 2020 110,000 February 15, 2021 110,000 February 15, 2022 110,000 February 15, 2023 110,000 February 15, 2024 110,000 February 15, 2025 105,000 February 15, 2026 105,000 February 15, 2027 105,000 February 15, 2028 100,000 February 15, 2029 100,000 February 15, 1930 85,000	2.00% 5.00% 5.00% 5.00% 5.00% 5.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00%		1,395,000		1,395,000	
					\$ 4,230,000	1,395,000	1,910,000	3,715,000	
					Current Year Budget Appropriation		415,000		
					Refunding Bonds Issued		1,495,000		
							\$ 1,910,000		

TOWNSHIP OF LYNDHURST

Schedule of New Jersey Environmental Infrastructure Trust Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2017

	Original Issue		Maturities of Loans Outstanding, December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
	Date	Amount	Date	Amount				
Trust Share	12/02/10	\$ 4,220,000	08/01/18	230,000	5.00%	\$ 3,440,000	462,000	2,978,000
			08/01/19	245,000	4.00%			
			08/01/20	233,000	5.00%			
			08/01/21	242,000	3.00%			
			08/01/22	255,000	4.00%			
			08/01/23	269,000	4.00%			
			08/01/24	283,000	4.00%			
			08/01/25	297,000	4.00%			
			08/01/26	310,000	3.50%			
			08/01/27	328,000	4.00%			
			08/01/28	286,000	4.00%			
Fund Share	12/02/10	4,408,475	02/01/18	93,477	*	3,286,747	280,432	3,006,315
			08/01/18	186,955	*			
			02/01/19	93,477	*			
			08/01/19	186,955	*			
			02/01/20	93,477	*			
			08/01/20	186,955	*			
			02/01/21	93,477	*			
			08/01/21	186,955	*			
			02/01/22	93,477	*			
			08/01/22	186,955	*			
			02/01/23	93,477	*			
			08/01/23	186,955	*			
			02/01/24	93,477	*			
			08/01/24	186,955	*			
			02/01/25	93,477	*			
			08/01/25	186,955	*			
			02/01/26	93,477	*			

TOWNSHIP OF LYNDHURST

Schedule of New Jersey Environmental Infrastructure Trust Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2017

Fund Share, (Continued)	Original Issue		Maturities of		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
	Date	Amount	Date	Amount				
					*			
		186,955	08/01/26	186,955	*			
		93,477	02/01/27	93,477	*			
		186,955	08/01/27	186,955	*			
		93,477	02/01/28	93,477	*			
		108,518	08/01/28	108,518	*			
						\$ 6,726,747	742,432	5,984,315

* Interest Free

Paid via Budget Appropriation \$ 500,432
 Savings Credit (Principal) 242,000
742,432

TOWNSHIP OF LYNDHURST
Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement description	Date	Ordinance Amount	Balance, Dec. 31, 2016		Balance, Dec. 31, 2017	
				Funded	Unfunded	Funded	Unfunded
2377	Installation of Water Mains - Ridge Road and Second Avenue	April 13, 1999	1,710,000 \$	4,883		4,883	
2378	Acquisition and Installation of Water Meter Reading System	April 13, 1999	1,400,000	640		640	
2747	Water Utility Renewal	February 16, 2010	700,000	186		186	
				<u>5,709</u>		<u>5,709</u>	
				<u>\$ 5,709</u>		<u>5,709</u>	

TOWNSHIP OF LYNDHURST
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2017

Balance, December 31, 2016	\$	<u>600</u>
Balance, December 31, 2017	\$	<u><u>600</u></u>

Schedule of Reserve for Amortization
Water Utility Capital Fund
Year Ended December 31, 2017

Balance, December 31, 2016	\$	10,535,907
Increased by:		
Payment of Serial Bond Principal	\$	415,000
Payment of NJ Environmental Infrastructure Loan Principal		500,432
Refunded Bonds		1,495,000
Savings Credit (Principal) NJ Environmental Infrastructure Loan Principal		<u>242,000</u>
		<u>2,652,432</u>
		13,188,339
Decreased by:		
Refunding Bonds Issued		<u>1,395,000</u>
Balance, December 31, 2017	\$	<u><u>11,793,339</u></u>

Exhibit E-4

TOWNSHIP OF LYNDHURST

Schedule of Cash - Collector-Treasurer

Swimming Pool Utility Fund

Year Ended December 31, 2017

	<u>Operating</u>
Balance - December 31, 2016	\$ 199,739
Increased by Receipts:	
Rents	153,135
Shared Service Agreement - BOE	60,000
Concession Fees	28,070
Miscellaneous	3,344
	<hr/>
	244,549
	<hr/>
	444,288
Decreased by Disbursements:	
2017 Appropriations	275,853
Appropriation Reserve	6,514
	<hr/>
	282,367
	<hr/>
Balance - December 31, 2017	\$ <u><u>161,921</u></u>

TOWNSHIP OF LYNDHURST

Schedule of 2016 Reserves - Operating Fund

Swimming Pool Utility Fund

Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	<u>Overexpenditure</u>
Other Expenses	\$ 225	225	1,299		1,074
Concession Stand - Other Expenses	51	51		51	
Utility Expenses	<u>5,804</u>	<u>5,804</u>	<u>5,215</u>	<u>589</u>	
 Total Operating	 <u>6,080</u>	 <u>6,080</u>	 <u>6,514</u>	 <u>640</u>	 <u>1,074</u>
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	<u>434</u>	<u>434</u>		<u>434</u>	
Total Deferred Charges and Statutory Expenditures	<u>434</u>	<u>434</u>		<u>434</u>	
	<u>\$ 6,514</u>	<u>6,514</u>	<u>6,514</u>	<u>1,074</u>	<u>1,074</u>
 Appropriation Reserves		<u>\$ 6,514</u>			
		<u>\$ 6,514</u>			

Exhibit E-6

TOWNSHIP OF LYNDHURST

Schedule of Deferred Charges

Swimming Pool Utility - Operating Fund

Year Ended December 31, 2017

	Added in <u>2017</u>	Balance Dec. 31, <u>2017</u>
Overexpenditure of Appropriation Reserves	\$ <u>1,074</u>	<u>1,074</u>
	\$ <u><u>1,074</u></u>	<u><u>1,074</u></u>

TOWNSHIP OF LYNDHURST

PART II

**LETTER ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Township Council
Township of Lyndhurst
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 Township of Lyndhurst in the County of Bergen as of and for the year ended December 31, 2017 and the related notes to the financial statements, and have issued our report thereon dated July 26, 2018, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Township of Lyndhurst's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Lyndhurst's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Lyndhurst'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Lyndhurst's financial statements-regulatory basis 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township of Lyndhurst in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Lyndhurst'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 Township of Lyndhurst's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 26, 2018



TOWNSHIP OF LYNDHURST

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

TOWNSHIP OF LYNDHURST

GENERAL COMMENTS

(continued)

Effective January 1, 2011, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. On July 1, 2015, this amount was increased to \$40,000.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Chubb Avenue Pumping Station Improvements
Tree Trimming, Tree Removal and Stump Grinding

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statutes provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body did not adopt a resolution authorizing interest to be charged on delinquent taxes in the current year.

Delinquent Taxes and Tax Title Liens

A tax sale was held on December 7, 2017 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

TOWNSHIP OF LYNDHURST

GENERAL COMMENTS

(continued)

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of liens</u>
2017	10
2016	9
2015	9

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**TOWNSHIP OF LYNDHURST
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2017**

COMMENTS

FINANCE

1. The Reserve for Tax Title Lien Premiums within the Other Trust Fund does not agree to the analysis prepared for outside liens.
2. There were instances in which monies collected by the Police Department could not be traced to a deposit in the bank account.
3. The listing of Current Fund Municipal Liens maintained in the tax system does not include all outstanding certificates.
4. Not all receipts collected by the Finance Department are date stamped when received to make the determination of compliance with N.J.S.A. 40A:5-15.
5. There was an over-expenditure of Swim Pool Utility Fund Appropriation Reserves resulting in a deferred charge of \$1,073.47.
6. The amount reported as Water Utility Municipal Liens does not agree to the subsidiary ledger.
7. The amount reported as Water Utility Tax Sale Premiums does not agree to the analysis prepared.
8. There are two bank accounts reported in the Trust Fund that are not included in the General Ledger.
9. The portion of employees' unemployment withholdings for state unemployment insurance that are to be retained by the Town are not being received and/or deposited into the Unemployment Trust Fund as required under the Benefit Reimbursement Method.
10. The amount recorded as Reserve for DEA/Equitable Sharing does not agree to the annual Equitable Sharing Agreement and Certification.
11. Awarding resolutions for Professional Services do not include the anticipated value of the contract or "not to exceed" cost language as required by the New Jersey Local Unit Pay-to-Play Laws (N.J.S.A. 19:44A-20.5).

PURCHASING

1. There were instances in which goods and/or services were ordered prior to encumbrance.

MUNICIPAL COURT

1. There were 603 tickets assigned over 180 days on the December Monthly Management Report.
2. There were 74 cases on overpayments status on the December Monthly Management Report.
3. There were instances in which deposits were not made within 48 hours as required by statute.
4. Disbursement checks from the Municipal Court General and Bail accounts only require one authorizing signature.

**TOWNSHIP OF LYNDHURST
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2017
(CONTINUED)**

RECOMMENDATIONS

FINANCE

1. That the Reserve for Tax Title Liens within the Other Trust Fund be reviewed and any unallocated amounts be turned over to the Current Fund.
2. That bank reconciliations be performed on a monthly basis in order to discover any discrepancies in a timely manner.
3. That the tax system be updated to ensure all municipal liens are included.
4. That all receipts collected by the Finance Department be date stamped and deposits made within 48 hours of receipt.
5. That more care be taken to ensure over-expenditures do not occur.
6. That the balance of Municipal Liens reported in the Water Utility be investigated and cancelled if necessary.
7. That the balance of Tax Sale Premiums reported in the Water Utility be investigated and cancelled if necessary.
8. That all accounts be included in the General Ledger.
9. The percentage portion of the employees' unemployment withholdings due to the Unemployment Trust Fund be recouped from the payroll service provider and deposited in the Unemployment Trust Fund.
10. That the Reserve for DEA/Equitable Sharing be reviewed to determine the proper amount to be included in the annual Equitable Sharing Agreement and Certification.
11. That the Township comply with all Pay-to-Play compliance regulations when preparing resolutions awarding professional service contracts.

PURCHASING

1. That an encumbrance be made prior to goods and/or services being ordered in accordance with Technical Accounting Directive #1.

MUNICIPAL COURT

1. That all tickets assigned over 180 days be recalled and re-issued by the court.
2. That all overpayments be reviewed and refunded in a timely manner.
3. That all deposits be made within 48 hours in accordance with N.J.S.A. 40A:5-15.
4. That operating procedures be updated to ensure at least two signatures are required on each check disbursed from the Municipal Court General and Bail accounts.

TOWNSHIP OF LYNDHURST

Status of Prior Year Audit Findings/Recommendation

A review was performed on all prior year recommendations and corrective action was taken on all except for recommendations marked with an asterisk "*".

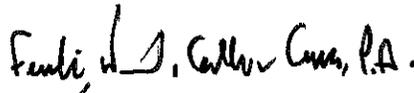
Acknowledgment

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkocz
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 26, 2018