

TOWNSHIP OF LYNDHURST

**Financial Statements With
Supplementary Information
December 31, 2018**

(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, 2018

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

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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, 2018 and 2017, the related statement of operations and changes in fund balance – regulatory basis for the years 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, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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
Page 2.

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, 2018 and 2017, 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 \$1,272,113 and \$1,290,621 for 2018 and 2017, 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 balance sheets and account group as of December 31, 2018, 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, 2018 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Township adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

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 Honorable Mayor and
Members of the Township Council
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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 June 24, 2019 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 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

June 24, 2019

TOWNSHIP OF LYNDHURST
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 16,167,553	13,861,743
Cash - Change Funds	A-5	325	325
		<u>16,167,878</u>	<u>13,862,068</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	2,662,425	1,208,691
Tax Title Liens Receivable	A-8	828,858	758,235
Property Acquired for Taxes - Assessed Valuation	A-9	7,542,000	7,542,000
Revenue Accounts Receivable	A-10	35,987	30,777
Interfund Receivables:			
Animal License Trust Fund	A-11	7,504	57,282
Federal and State Grant Fund	A-11	13,875	
		<u>11,090,649</u>	<u>9,596,985</u>
Deferred Charges:			
EnCap Tax Refunding - Township Portion	A-12	377,637	754,494
		<u>377,637</u>	<u>754,494</u>
		<u>27,636,164</u>	<u>24,213,547</u>
Federal and State Grant Fund:			
Cash	A-4	641,986	791,349
		<u>641,986</u>	<u>791,349</u>
		<u>\$ 28,278,150</u>	<u>25,004,896</u>

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities:			
Due from/to State of New Jersey - Ch. 20,			
P.L. 1971	A-6	7,592	12,035
Encumbrances Payable	A-3,A-13	363,490	155,615
Appropriation Reserves	A-3,A-14	2,654,775	2,143,791
Due to State of New Jersey - Construction Fees	A-15	15,433	6,591
Due to State of New Jersey - Marriage Fees	A-16	1,700	1,025
Various Reserves	A-17	607,222	683,666
Interfund Payables:			
General Capital Fund	A-11	81,495	338,792
Trust Fund	A-11	365,772	484,572
POAA Trust Fund	A-11	268	
Outside Tax Title Lien Redemptions	A-18		4,403
Prepaid Taxes	A-19	300,175	1,318,472
Tax Overpayments	A-20	2,677	
School Taxes Payable	A-21		30,000
Due to County for Added Taxes	A-23	178,106	
		<u>4,578,705</u>	<u>5,178,962</u>
Reserves for Receivables and Other Assets	A	11,090,649	9,596,985
Fund Balance	A-1	11,966,810	9,437,600
		<u>23,057,459</u>	<u>19,034,585</u>
		<u>27,636,164</u>	<u>24,213,547</u>
Federal and State Grant Fund:			
Due to Current Fund	A-24	13,875	
Appropriated Reserves	A-26	300,892	313,775
Reserve for FEMA Reimbursements - 2011 Storms	A-27		45,761
Reserve for DEA/Equitable Sharing	A-28	238,378	291,492
Unappropriated Reserves	A-29	88,841	140,321
		<u>641,986</u>	<u>791,349</u>
		<u>\$ 28,278,150</u>	<u>25,004,896</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,425,000	1,000,000
Miscellaneous Revenue Anticipated	4,866,792	4,746,733
Receipts from Delinquent Taxes	1,123,235	852,605
Receipts from Current Taxes	78,008,942	76,210,176
Non-Budget Revenues	1,341,008	1,491,766
Other Credits to Income:		
Statutory Excess Animal Trust		57,282
Appropriated Grant Reserve Cancelled		40,695
Interfunds Returned	57,282	
Unexpended Balance of Appropriation Reserves and Encumbrances	1,306,507	1,342,625
Total Revenue and Other Income	<u>88,128,766</u>	<u>85,741,882</u>
Expenditures:		
Budget and Emergency Appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and Wages	12,385,189	11,799,451
Other Expenses	11,634,955	11,673,588
Deferred Charges and Statutory Expenditures	3,330,813	3,050,104
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	3,291,222	3,228,490
Capital Improvement Fund	750,000	435,000
Municipal Debt Service	6,061,890	6,117,608
County Taxes	8,113,110	7,727,059
Amount Due County for Added and Omitted Taxes	178,106	19,913
Local District School Tax	38,065,035	37,068,843
Tax Overpayments	360,597	2,089,609
Interfunds Advanced	1,485	57,282
County PILOT Payments	2,154	
Total Expenditures	<u>84,174,556</u>	<u>83,266,947</u>
Statutory Excess to Fund Balance	3,954,210	2,474,935
Fund Balance, January 1	<u>9,437,600</u>	<u>7,962,665</u>
	13,391,810	10,437,600
Decreased by Utilization as Anticipated Revenue	<u>1,425,000</u>	<u>1,000,000</u>
Fund Balance, December 31	<u>\$ 11,966,810</u>	<u>9,437,600</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST
Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2018

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund Balance Anticipated	\$ 1,425,000	1,425,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	30,000	33,488	3,488
Fees and Permits	80,000	112,122	32,122
Fines and Costs:			
Municipal Court	465,000	445,143	(19,857)
Interest and Costs on Taxes	210,000	210,413	413
Sewer Charges	175,000	363,914	188,914
Hotel Occupancy Tax	310,000	352,444	42,444
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	345,000	302,284	(42,716)
State and Federal Revenues Offset with Appropriations:			
Clean Communities Program	36,519	36,519	
Recycling Tonnage Grant	55,599	55,599	
Drunk Driving Enforcement Fund	17,333	17,333	
Body Armor Replacement Program	4,517	4,517	
Pedestrian Safety Enforcement & Education	7,800	7,800	
Distracted Driving Incentive	5,500	5,500	
Impaired Driving Countermeasures	5,500	5,500	
Alcohol Education & Rehab Program	5,984	5,984	
Bergen County Arts Grant	1,569	1,569	
Other Special Items:			
Franchise Fee - Comcast	90,900	97,312	6,412
Franchise Fee - Verizon FIOS	182,000	226,123	44,123
Recycling Proceeds	25,000	5,518	(19,482)
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	20,000	60,000	40,000
Ambulance Fees	330,000	416,669	86,669
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>4,504,262</u>	<u>4,866,792</u>	<u>362,530</u>
Receipts from Delinquent Taxes	<u>890,000</u>	<u>1,123,235</u>	<u>233,235</u>
Amount to be Raised by Taxes for Support of Municipal Purposes	<u>33,139,591</u>	<u>34,149,417</u>	<u>1,009,826</u>
Total Amount to be Raised by Taxation	<u>33,139,591</u>	<u>34,149,417</u>	<u>1,009,826</u>
Total Budget Revenues	<u>\$ 39,958,853</u>	<u>41,564,444</u>	<u>1,605,591</u>
Non-Budget Revenues		<u>1,341,008</u>	
		<u>\$ 42,905,452</u>	

TOWNSHIP OF LYNDHURST
Statement of Revenues-Regulatory Basis
Current Fund
Year ended December 31, 2018

Analysis of Realized Revenue

Revenue from Current Tax Collections	\$ 78,008,942
Allocated to County of Bergen	\$ 8,291,216
Local School District	<u>38,065,035</u>
	<u>46,356,251</u>
Balance for Support of Municipal Budget Appropriations	31,652,691
Add: Appropriation - Reserve for Uncollected Taxes	<u>2,496,726</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 34,149,417</u>
Receipts from delinquent taxes	\$ 1,060,148
Receipts from tax title liens	<u>63,087</u>
	<u>\$ 1,123,235</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:	
Dumpster Permits	\$ 3,405
Bus Station Fee	441
Workman's Compensation-Police	9,000
Workman's Compensation-DPW	25,978
Workman's Compensation-Parks	81,117
State of NJ-Burial Fees	5,990
Perimeter Map	130
State of NJ-Motor Vehicle Fines	3,200
Polling Place Rental	600
Dividend	578
Bergen County Snow Plowing Reimbursement	17,545
Rent Leveling	4,750
Oxford-Premium Rebate	79,953
State of NJ-Fire Safety LEA Rebates	60,605
Refunds/Reimbursements	4,319
Atlantic Tomorrow-Docuware Duplicate Payment	2,100
Hawk Drilling-Reimbursement	1,563
Rebate-Passaic Valley-Connection Fee	5,000
Clean Up Lien	8,362
Fire Prevention (Chemical Fees)	84,049
Bank Interest	298,364
Cell Tower Fees-Sprint	28,552
Cell Tower Fees-T Mobile	32,360
Passaic Valley Sewer Commission-Tax Exempt Payment	61,832
Bergen County Housing PILOT Payment	18,718
Homeowner Main Reimbursement - State of NJ	784
Board of Education-EMS Reimbursement	1,211
PIA-JIF Dividend	45,710

TOWNSHIP OF LYNDHURST
Statement of Revenues-Regulatory Basis
Current Fund
Year ended December 31, 2018

Daycamp Fees	101,340
Before & Aftercare Program Fees	111,679
Auto Insurance Reimbursement	7,781
Insurance Reimbursement	11,329
State of NJ FEMA-Storm Sandy Reimbursement	74,294
Senior Citizen & Veteran Reimbursement	2,500
Senior Citizen & Veteran Administrative Fee	2,732
Off Duty for DPW-Montana	2,310
Gasoline Reimbursement	25,296
Bergen County-Municipal Alliance	8,337
Bergen County DRE Grant	1,485
Port Authority PILOT Program	73
Fire Watch-Shiseido	3,683
Bergen Risk-Insurance Reimbursement	18,639
100th Anniversary-Sweatshirts	210
State of NJ-FEMA	35,110
Fire Watch-Universal Television LLC	2,234
Reimbursement for FEMA Expenditures	45,760
	45,760
	\$ 1,341,008

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Department of Public Affairs:					
Director's Office:					
Salaries and Wages	\$ 6,200	6,200	6,200		
Central Services:					
Salaries and Wages	61,114	61,114	56,979	4,135	
Other Expenses	100,000	100,000	90,359	9,641	
Municipal Clerk:					
Salaries and Wages	163,852	163,852	162,794	1,058	
Other Expenses	60,000	60,000	57,785	2,215	
Tax Assessment Administration:					
Salaries and Wages	154,382	154,382	154,248	134	
Other Expenses	20,000	20,000	7,630	12,370	
Planning Board:					
Other Expenses	18,000	21,600	20,049	1,551	
Other Expenses - Affordable Housing Litigation	20,000	20,000	16,176	3,824	
Zoning Board of Adjustment:					
Salaries and Wages	3,552	3,552	3,552		
Other Expenses	7,000	3,400	2,153	1,247	
Rent Leveling Board:					
Other Expenses	900	900	821	79	
Public Health Services:					
Salaries and Wages	164,724	161,224	76,240	84,984	
Other Expenses	143,000	146,500	145,481	1,019	
Medical Transportation Program:					
Salaries and Wages	50,600	50,600	27,516	23,084	
Other Expenses	250	250		250	

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Department of Revenue and Finance:					
Director's Office:					
Salaries and Wages	6,200	6,200	6,200		
Financial Administration:					
Salaries and Wages	173,275	173,275	123,235	50,040	
Other Expenses	35,000	35,000	25,245	9,755	
Revenue Administration:					
Salaries and Wages	217,659	217,659	212,502	5,157	
Other Expenses	20,000	20,000	11,233	8,767	
Department of Public Safety:					
Director's Office:					
Salaries and Wages	6,700	6,700	6,700		
Police:					
Salaries and Wages	6,723,162	6,723,162	6,458,823	264,339	
Other Expenses	455,000	429,300	388,874	40,426	
Purchase of Vehicles	142,000	142,000	108,985	33,015	
Police Clerical:					
Salaries and Wages	299,355	299,355	270,025	29,330	
Acquisition of Enforcement Vehicles					
Other Expenses	66,000	66,000	27,694	38,306	
School Marshalls:					
Salaries and Wages	396,602	396,602	370,758	25,844	
Other Expenses	6,000	7,500	7,271	229	
Office of Emergency Management					
Salaries and Wages	8,875	8,875	8,875		
Other Expenses	3,000	3,000	1,203	1,797	

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Emergency Medical Services:					
Salaries and Wages	318,951	318,951	266,618	52,333	
Other Expenses	36,000	36,000	29,109	6,891	
Other Expenses - Third Party Billing	40,000	40,000	22,864	17,136	
Aid to Volunteer Fire Companies:					
Other Expenses	90,000	110,000	102,301	7,699	
Aid to Volunteer Ambulance Companies:					
Other Expenses	44,000	48,200	46,666	1,534	
Fire Department (Uniform Fire Safety):					
Salaries and Wages	85,198	85,198	68,269	16,929	
Other Expenses	18,000	18,000	17,728	272	
Township Prosecutor:					
Salaries and Wages	17,596	17,596	17,596		
Municipal Court:					
Salaries and Wages	204,212	204,212	198,852	5,360	
Other Expenses	21,000	21,000	10,168	10,832	
Public Defender (P.L. 1997, c.256)					
Salaries and Wages	10,451	10,451	10,451		
Other Expenses	1,000	1,000		1,000	
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	48,351	11,649	
Road Repairs and Maintenance:					
Salaries and Wages	254,108	254,108	234,148	19,960	
Other Expenses	160,000	160,000	139,526	20,474	

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Sewer System:					
Salaries and Wages	408,227	408,227	398,950	9,277	
Other Expenses	130,000	120,000	57,524	62,476	
Public Works Administration:					
Salaries and Wages	217,715	222,715	219,871	2,844	
Shade Trees:					
Salaries and Wages	276,437	276,437	274,083	2,354	
Other Expenses	52,000	42,000	26,959	15,041	
Drug and Alcohol Testing:					
Other Expenses	1,000	1,000		1,000	
Recycling/Beautification Program:					
Salaries and Wages	177,462	167,462	133,359	34,103	
Other Expenses	22,000	22,000	5,618	16,382	
Other Expenses - Recycling Contract	310,000	315,000	273,757	41,243	
Solid Waste Collection:					
Other Expenses	475,000	475,000	459,000	16,000	
Vehicle Maintenance:					
Other Expenses	140,000	140,000	135,979	4,021	
Dump Fees:					
Other Expenses (Type 10)	680,000	660,000	609,113	50,887	
Other Expenses (Grass and Leaves)	50,000	50,000	28,806	21,194	
Department of Parks and Public Property					
Director's Office:					
Salaries and Wages	6,200	6,200	6,200		
Building and Grounds:					
Other Expenses	240,000	325,000	323,663	1,337	
Other Expenses - Generator Testing	12,900	12,900	10,050	2,850	

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Recreation Services and Programs:					
Salaries and Wages	18,000	18,000	6,614	11,386	
Other Expenses	51,000	51,000	50,867	133	
Summer Day Camp:					
Salaries and Wages	150,000	129,500	128,323	1,177	
Handicapped Persons Program:					
Salaries and Wages	86,848	87,048	86,883	165	
Other Expenses	3,000	4,400	2,667	1,733	
Senior Citizen Activities:					
Salaries and Wages	12,500	12,500	9,000	3,500	
Other Expenses	2,500	5,000	4,652	348	
Maintenance of Parks:					
Salaries and Wages	1,256,133	1,277,133	1,274,735	2,398	
Other Expenses	100,000	66,400	62,502	3,898	
Unclassified-Department Support	45,000	45,000	37,096	7,904	
General Postage Expenses					
Uniform Construction Code - Appropriations Offset by					
Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Construction Code Official:					
Salaries and Wages	447,501	447,501	396,711	50,790	
Other Expenses	40,000	40,000	23,454	16,546	
Other Expenses - Clean Up/Demolition	2,500	2,500	2,500		
Other Expenses - Tenant Relocation	2,000	2,000		2,000	
Unclassified					
Other Insurance Premiums	1,300,000	1,224,000	1,095,844	128,156	
Disability Insurance Program	2,500	2,500		2,500	
Employee Group Insurance	3,905,000	3,905,000	3,444,397	460,603	
Health Benefit Waiver	39,000	39,000	18,000	21,000	
Unemployment Trust Contribution	53,000	53,000	47,295	5,705	

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Legal Services Other Expenses	150,000	150,000	126,638	23,362	
Legal and Other Professional Services	235,000	235,000	191,679	43,321	
Legal Services - Employment	36,000	36,000	19,443	16,557	
Legal Services - Tax Appeals	60,000	120,000	114,351	5,649	
Legal Advertising	18,000	18,000	12,521	5,479	
Electricity	555,000	555,000	431,858	123,142	
Street Lighting	260,000	247,500	213,185	34,315	
Telephone	145,000	165,000	163,280	1,720	
Gasoline	235,000	215,000	174,801	40,199	
Annual Audit	85,000	85,000	53,750	31,250	
Data Processing	125,000	137,500	129,455	8,045	
Vehicle Maintenance	260,000	260,000	230,876	29,124	
Celebration of Public Events	77,000	77,000	76,853	147	
Shared Service Operating Expenses	33,000	8,000	9,040	8,000	
Swimming Pool - Other Expenses	4,000	29,000		19,960	
NJEIT Fees - Trust Loan (CW)	4,605	4,605	4,605		
Total Operations within "CAPS"	23,900,144	23,900,144	21,684,258	2,215,886	
B. Contingent	120,000	120,000	107,114	12,886	
Total Operations Including Contingent-within "CAPS"	24,020,144	24,020,144	21,791,372	2,228,772	
Detail:					
Salaries & Wages	12,392,989	12,385,189	11,684,508	700,681	
Other Expenses (Including Contingent)	11,627,155	11,634,955	10,106,864	1,528,091	

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
(1) DEFERRED CHARGES					
Prior Year Bills - Smith Sondy Road	122,913	122,913	122,913		
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	465,578	44,422	
Public Employees' Retirement System	637,661	637,661	637,661		
Police and Firemen's Retirement System	1,683,382	1,683,382	1,683,382		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	3,330,813	3,330,813	3,286,391	44,422	
Total General Appropriations for Municipal Purposes within "CAPS"	27,350,957	27,350,957	25,077,763	2,273,194	
Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	1,112,560	1,112,560	834,420	278,140	
Lyndhurst/North Arlington Joint Meeting	175,986	175,986	175,986		
Volunteer Length of Service Awards Program	85,000	85,000	23,915	61,085	
Sewerage Processing and Disposal	1,777,355	1,777,355	1,777,355		
Total Other Operations - Excluded from "CAPS"	3,150,901	3,150,901	2,811,676	339,225	
Public and Private Programs Offset by Revenues					
Clean Communities Program	36,519	36,519	36,519		
Recycling Tonnage Grant	55,599	55,599	55,599		
Drunk Driving Enforcement Fund	17,333	17,333	17,333		
Body Armor Replacement Program	4,517	4,517	4,517		

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Pedestrian Safety Enforcement & Education	7,800	7,800	7,800		
Distracted Driving Incentive	5,500	5,500	5,500		
Impaired Driving Countermeasures	5,500	5,500	5,500		
Alcohol Education & Rehab Program	5,984	5,984	5,984		
Bergen County Arts Grant	1,569	1,569	1,569		
Total Public and Private Programs Offset by Revenues	140,321	140,321	140,321		
Total Operations-Excluded from "CAPS"	3,291,222	3,291,222	2,951,997	339,225	
Detail:					
Salaries and Wages					
Other Expenses	3,291,222	3,291,222	2,951,997	339,225	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	150,000	150,000	150,000		
Acquisition of Remote Fire Computer Server	20,000	20,000	20,000		
Acquisition of Street Sweeper	275,000	275,000	245,785	29,215	
Reconstruction of Municipal Parking Lot (UST Project)	110,000	110,000	110,000		
Acquisition of recreation Mobile Bus	120,000	120,000	106,861	13,139	
Reconstruction of Recreation Facilities	75,000	75,000	75,000		
Total Capital Improvements Excluded from "CAPS"	750,000	750,000	707,646	42,354	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	2,280,000	2,280,000	2,280,000		
Interest on Bonds	1,076,351	1,076,351	1,076,350		1.00
Payment of Bond Anticipation Notes	2,219,000	2,219,000	2,219,000		
Interest on Bond Anticipation Notes	286,150	286,150	286,150		
Principal on NJEIT Loans (CW-Trust)	65,000	65,000	65,000		

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

	Current Fund				Unexpended
	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Balance Canceled
Interest on NJEIT Loans (CW-Trust)	59,500	59,500	51,443		8,057
Principal on NJEIT Loans (CW-Fund)	83,947	83,947	83,947		
Total Municipal Debt Service-Excluded from "CAPS"	6,069,948	6,069,948	6,061,890		8,058
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	10,111,170	10,111,170	9,721,533	381,579	8,058
Subtotal General Appropriations	37,462,127	37,462,127	34,799,296	2,654,773	8,058
Reserve for Uncollected Taxes	2,496,726	2,496,726	2,496,726		
Total General Appropriations	\$ 39,958,853	39,958,853	37,296,022	2,654,773	8,058
	Adopted Budget \$	39,958,853			
	Reserve for Uncollected Taxes \$		2,496,726		
	Capital Improvement Fund		273,200		
	Federal and State Grants		140,321		
	Deferred Charges		376,857		
	Encumbrances		363,490		
	Cash		33,645,428		
					\$ 37,296,022

See accompanying notes to the financial statements.

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Dog License Trust Fund:			
Due to State of New Jersey	B-2	\$ 8	
Interfund Accounts Payable	B-3	7,504	57,282
Reserve for Animal Trust Fund Expenditures	B-5	14,837	16,158
		<u>22,349</u>	<u>73,440</u>
Other Trust Fund:			
Reserve for Various Deposits	B-4	2,027,838	1,807,189
		<u>2,027,838</u>	<u>1,807,189</u>
Unemployment Insurance Trust Fund:			
Reserve for Expenditures	B-6	52,705	6,076
		<u>52,705</u>	<u>6,076</u>
Deferred Compensation Plans Trust Fund:			
Net Assets Available for Benefits	B-9	1,272,113	1,290,621
		<u>1,272,113</u>	<u>1,290,621</u>
		<u>\$ 3,375,005</u>	<u>3,177,326</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	C-2/C-3	\$ 7,775,538	3,211,667
Interfunds Accounts Receivable	C-4	81,495	338,792
Accounts Receivable - Board of Education	C-5	255,000	
Deferred Charges to Future Taxation:			
Funded	C-6	27,066,387	29,495,334
Unfunded	C-7	<u>65,183,500</u>	<u>63,357,500</u>
		<u>\$ 100,361,920</u>	<u>96,403,293</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 25,080,000	27,360,000
New Jersey Environmental Infrastructure Loan Payable	C-9	1,986,387	2,135,334
Bond Anticipation Notes Payable	C-10	33,638,500	14,307,500
Improvement Authorizations:			
Funded	C-11	1,567,284	2,012,644
Unfunded	C-11	36,586,394	49,658,006
Reserve for Recreation Facility Improvements	C-12	88,200	75,000
Reserve for Municipal Parking Lot Improvements	C-13	220,000	110,000
Capital Improvement Fund	C-14	242,841	307,841
Reserve for Lincoln High School Referendum Expenses	C-15	157,749	
Reserve for Payment of Debt	C-16	300,509	145,357
Fund Balance	C-1	<u>494,056</u>	<u>291,611</u>
		<u>\$ 100,361,920</u>	<u>96,403,293</u>

There were \$31,545,000 and \$49,050,000 of Bonds and Notes Authorized But Not Issued on December 31, 2018 and 2017 respectively (Exhibit C-17).

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Balance - December 31,	\$ 291,611	226,415
Increased by:		
Premium on Sale of Notes	<u>202,445</u>	<u>65,196</u>
Balance - December 31,	<u>\$ 494,056</u>	<u>291,611</u>

See accompanying notes to the financial statements.

TOWNSHIP OF LYNDHURST
Comparative Balance Sheet - Regulatory Basis
Water Utility Fund
December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 2,571,379	\$ 2,104,904
Cash - Change Fund		100	100
		2,571,479	2,105,004
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-7	702,352	667,193
Municipal Liens	D-8	198	198
		702,550	667,391
Total Water Utility Operating Fund		3,274,029	2,772,395
Water Utility Capital Fund:			
Cash - Treasurer	D-5,D-6	7,134	7,134
Fixed Capital	D-9	21,492,654	21,492,654
Total Water Utility Capital Fund		21,499,788	21,499,788
		\$ 24,773,817	24,272,183

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-10	681,894	848,234
Reserve for Encumbrances	D-11	40,916	170,539
Water Overpayment	D-12	16,153	19,264
Tax Sale Premiums	D-13	104,833	104,833
Accrued Interest on Bonds and Notes	D-14	106,604	104,335
		<u>950,400</u>	<u>1,247,205</u>
Reserve for Receivables	Contra	702,550	667,391
Fund Balance	D-1	1,621,079	857,799
		<u>3,274,029</u>	<u>2,772,395</u>
Total Water Utility Operating Fund			
Water Utility Capital Fund:			
Serial Bonds Payable	D-15	3,260,000	3,715,000
NJ Environmental Infrastructure Loan Payable	D-16	5,473,883	5,984,315
Improvement Authorization:			
Funded	D-17	5,709	5,709
Capital Improvement Fund	D-18	600	600
Reserve for:			
Amortization	D-19	12,758,771	11,793,339
Fund Balance	D-2	825	825
		<u>21,499,788</u>	<u>21,499,788</u>
Total Water Utility Capital Fund			
		<u>\$ 24,773,817</u>	<u>\$ 24,272,183</u>

There were \$-0- and \$-0- of Bonds and Notes Authorized But Not Issued on December 31, 2018 and December 31, 2017 respectively.

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, 2018 and 2017

	Dec. 31, <u>2018</u>	Dec. 31, <u>2017</u>
Revenue and Other Income:		
Operating Surplus Anticipated	\$ 178,241	313,774
Water Rents	4,078,483	3,899,900
Fines	45,587	44,697
Miscellaneous Revenue	204,969	166,675
Miscellaneous Revenue Not Anticipated	19,948	23,910
Unexpended Balance Appropriation Reserve	<u>653,960</u>	<u>531,426</u>
Total Revenue and Other Income	<u>5,181,188</u>	<u>4,980,382</u>
Expenditures:		
Operating	2,891,731	3,165,063
Capital Improvements	50,000	50,000
Debt Service	1,231,035	1,242,956
Deferred Charges and Statutory Expenditures	<u>66,901</u>	<u>66,901</u>
Total Expenditures	<u>4,239,667</u>	<u>4,524,920</u>
Excess in Revenue	941,521	455,462
Fund Balance, January 1	<u>857,799</u>	<u>716,111</u>
	1,799,320	1,171,573
Decreased by Utilization by Water Operating Budget	<u>178,241</u>	<u>313,774</u>
Balance, December 31	<u>\$ 1,621,079</u>	<u>857,799</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</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, 2018

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 178,241	178,241	
Rents	3,900,000	4,078,483	178,483
Fines	40,000	45,587	5,587
Miscellaneous	<u>180,000</u>	<u>204,969</u>	<u>24,969</u>
	<u>\$ 4,298,241</u>	<u>4,507,280</u>	<u>209,039</u>

Analysis of Realized Revenue

Surplus Anticipated	\$ 178,241
Rents	4,078,483
Fines	45,587
Miscellaneous	<u>204,969</u>
	<u>\$ 4,507,280</u>

Analysis of Miscellaneous Revenue Not Anticipated

Taps	\$ 11,040
New Meters	5,070
Flow Tests	2,100
Permits	200
Disconnections	400
Miscellaneous	<u>1,138</u>
	<u>\$ 19,948</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2018

	Appropriations		Paid or Charged	Reserved	Canceled
	Budget	Budget after Modification			
Operating:					
Salaries and Wages	\$ 250,011	250,011	236,138	13,873	
Other Expenses	260,000	230,000	122,225	107,775	
Water Purchases	2,200,000	2,230,000	1,778,144	451,856	
Group Insurance	100,000	100,000	73,191	26,809	
Other Insurance Premiums	35,000	35,000		35,000	
Audit	10,000	10,000		10,000	
Legal Services	20,000	20,000	1,585	18,415	
NJEIT Fees - Trust Loan (DW)	16,720	16,720	15,270	1,450	
Total Operating	2,891,731	2,891,731	2,226,553	665,178	
Capital Improvements:					
Capital Outlay	50,000	50,000	37,607	12,393	
	50,000	50,000	37,607	12,393	
Debt Service:					
General Serial Bonds:					
Payment of Principal	455,000	455,000	455,000		1,737
Interest on Bonds	119,677	119,677	117,940		
Principal on NJEIT Loans (DW Trust)	230,000	230,000	230,000		
Interest on NJEIT Loans (DW Trust)	204,500	204,500	147,663		56,837
Principal on NJEIT Loans (DW Fund)	280,432	280,432	280,432		
Total Debt Service	1,289,609	1,289,609	1,231,035		58,574

TOWNSHIP OF LYNDHURST

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2018

	Appropriations		Paid or Charged	Reserved	Canceled
	Budget	Budget after 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	17,177	4,323	
	<u>66,901</u>	<u>66,901</u>	<u>62,578</u>	<u>4,323</u>	
Total Deferred Charges and Statutory Expenditures	<u>\$ 4,298,241</u>	<u>4,298,241</u>	<u>3,557,773</u>	<u>681,894</u>	<u>58,574</u>
Adopted Budget	\$ 4,298,241	4,298,241			
	\$ <u>4,298,241</u>				

Cash Disbursed	\$ 3,251,254
Accrued Interest on Bonds and Loan Encumbrances	265,603
	<u>40,916</u>
	\$ <u>3,557,773</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Balance Sheet - Regulatory Basis

Swimming Pool Utility Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Operating Fund:			
Cash	E-4	\$ 130,787	161,921
Deferred Charges-			
Overexpenditure of Appropriation Reserves	E-6	<u>1,074</u>	<u>1,074</u>
Total Operating Fund		<u><u>131,861</u></u>	<u><u>162,995</u></u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	E-3, E-5	\$ 45,886	4,373
Encumbrances Payable	E-3, E-5	879	953
Fund Balance	E-1	<u>85,096</u>	<u>157,669</u>
Total Operating Fund		<u><u>\$ 131,861</u></u>	<u><u>162,995</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 87,928	51,179
Utility Rents	157,933	153,135
Shared Service Agreement - Lyndhurst BOE	60,000	60,000
Water Park Concessions	32,926	28,070
Miscellaneous Revenue Not Anticipated	1,595	3,344
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	901	1,074
Total Income	<u>341,283</u>	<u>296,802</u>
Expenditures:		
Operating	289,688	257,248
Capital Improvement Fund	21,000	9,501
Statutory Expenditures & Deferred Charges	15,240	14,430
Overexpenditure of Appropriation Reserves		1,074
Total Expenditures	<u>325,928</u>	<u>282,253</u>
Excess (Deficit)	15,355	14,549
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
	15,355	15,623
Fund Balance, January 1	<u>157,669</u>	<u>193,225</u>
	173,024	208,848
Decreased by Utilization as Anticipated Revenue	<u>87,928</u>	<u>51,179</u>
Fund Balance, December 31	<u>\$ 85,096</u>	<u>157,669</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Revenues-Regulatory Basis

Swimming Pool Utility Fund

Year ended December 31, 2018

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 87,928	87,928	
Rents	152,000	157,933	5,933
Shared Service Agreement - BOE	60,000	60,000	
Concession Fees	<u>26,000</u>	<u>32,926</u>	<u>6,926</u>
	<u>325,928</u>	<u>338,787</u>	<u>12,859</u>
Total Swim Pool Utility Revenue	<u>\$ 325,928</u>	<u>338,787</u>	<u>12,859</u>

Analysis of Miscellaneous Revenues

Miscellaneous	\$ 17
Interest on Investments	<u>1,578</u>
	<u>\$ 1,595</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Statement of Expenditures-Regulatory Basis

Swimming Pool Utility Fund

Year Ended December 31, 2018

	Appropriations		Expended	
	Budget	Budget after modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 149,688	149,688	129,693	19,995
Other Expenses	55,000	55,000	54,338	662
Utilities	70,000	70,000	59,779	10,221
Concession Stand - Other Expenses	10,000	10,000	8,903	1,097
Group Insurance	5,000	5,000		5,000
Total Operating	289,688	289,688	252,713	36,975
Capital Improvements				
Capital Outlay	21,000	21,000	12,419	8,581
Total Capital Improvements	21,000	21,000	12,419	8,581
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	5,240	5,240	5,240	
Social Security System (O.A.S.I.)	10,000	10,000	9,670	330
Total Statutory Expenditures	15,240	15,240	14,910	330
	\$ 325,928	325,928	280,042	45,886
		Encumbrances \$	879	
		Cash Disbursed	279,163	
			\$ 280,042	

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Statement of Net Payroll and Withholdings Payable

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash		
Master Payroll	\$ <u>101,947</u>	<u>88,591</u>
	\$ <u><u>101,947</u></u>	<u><u>88,591</u></u>
 <u>Liabilities:</u>		
Withholdings	\$ <u>101,947</u>	<u>88,591</u>
	\$ <u><u>101,947</u></u>	<u><u>88,591</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets:</u>		
Land	\$ 133,198,900	133,198,900
Buildings	7,621,800	7,621,800
Machinery and Equipment	<u>10,256,615</u>	<u>10,173,141</u>
	<u>\$ 151,077,315</u>	<u>150,993,841</u>
 Investment in Fixed Assets	 <u>\$ 151,077,315</u>	 <u>150,993,841</u>

See accompanying notes to financial statements.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

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, 2018 and 2017
(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, 2018 and 2017
(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, 2018 and 2017
(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, 2018 and 2017
(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, 2018 and 2017
(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, 2018 and 2017
(continued)

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

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Township adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment 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. As a result of adopting this Statement, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Township.

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.

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).

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. PENSION PLANS, (continued)

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 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. PENSION PLANS, (continued)

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.

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.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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>
2018	\$637,661	\$1,683,382
2017	586,652	1,574,806
2016	580,224	1,483,705

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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, 2018, the Township had a liability of \$12,987,989 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Township's proportion was 0.06596403 percent, which was an increase/(decrease) of 0.00502846 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Township recognized pension expense of \$637,661. At December 31, 2018, 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	\$247,683	\$66,970
Changes of assumptions	2,140,205	4,152,868
Net difference between projected and actual earnings on pension plan investments		121,828
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>932,701</u>	<u>759,178</u>
Total	<u>\$3,320,589</u>	<u>\$5,100,844</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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, 2018) 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:	
2019	\$90,143
2020	(124,805)
2021	(894,951)
2022	(775,758)
2023	(248,408)

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Township's Proportion	0.0659640300%	0.0604355724%

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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 collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. 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, 2017 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2018 and 2017
(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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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, 2018 and 2017
(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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 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, 2018, 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:

	<u>June 30, 2018</u>		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
Township's proportionate share of the pension liability	\$16,330,899	\$12,987,989	\$10,183,500

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, 2018 and 2017
(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, 2018, the Township had a liability of \$24,192,339 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Township's proportion was 0.1787833855 percent, which was an increase/(decrease) of (0.00142529) percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Township recognized pension expense of \$1,683,382. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference in actual and expected experience	\$246,126	\$100,114
Changes of assumptions	2,076,587	6,200,079
Net difference between projected and actual earnings on pension plan investments		132,354
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>683,313</u>	<u>720,472</u>
Total	<u>\$3,006,026</u>	<u>\$7,153,019</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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:	
2019	\$208,057
2020	(701,349)
2021	(1,962,117)
2022	(1,259,545)
2023	(394,880)

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Township's Proportion	0.1787833855%	0.1802086709%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. 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, 2018 and 2017
(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

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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 6.51% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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, 2018 and 2017
(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, 2018 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, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Township's proportionate share of the pension liability	\$33,490,392	\$24,192,339	\$16,523,141

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$3,286,129 and \$3,116,157, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$389,237 and \$381,176, respectively, which is more than the actual contributions the State made on behalf of the Township of

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

\$194,618 and \$155,821, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

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, 2018 and 2017 consisted of the following:

	<u>Balance</u> <u>Dec. 31 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$27,360,000	\$	\$2,280,000	\$25,080,000	\$2,380,000
Water Utility Obligation Debt	<u>3,715,000</u>	<u> </u>	<u>455,000</u>	<u>3,260,000</u>	<u>460,000</u>
Total Bonds Payable	<u>31,075,000</u>	<u> </u>	<u>2,735,000</u>	<u>28,340,000</u>	<u>2,840,000</u>
Other Liabilities:					
New Jersey Wastewater Loans - Current	2,135,334		148,947	1,986,387	153,947
New Jersey Wastewater Loans - Water	5,984,315		510,432	5,473,883	525,432
Compensated Absences Payable	<u>4,057,097</u>	<u>208,765</u>	<u>328,321</u>	<u>3,937,541</u>	<u> </u>
Total Other Liabilities	<u>12,176,746</u>	<u>208,765</u>	<u>987,700</u>	<u>11,397,811</u>	<u>679,379</u>
	<u>\$43,251,746</u>	<u>\$208,765</u>	<u>\$3,722,700</u>	<u>\$39,737,811</u>	<u>\$3,519,379</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

	Balance Dec. 31 2016	Additions	Reductions	Balance Dec. 31, 2017	Amounts Due 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>	<u>510,432</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>

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)

	Year 2018	Year 2017	Year 2016
<u>Issued:</u>			
General Bonds, Notes and Loans	\$60,704,887	\$43,802,834	\$46,455,263
Water Utility - Bonds, Notes and Loans	<u>8,733,883</u>	<u>9,699,315</u>	<u>10,956,747</u>
Net Debt Issued	<u>69,438,770</u>	<u>53,502,149</u>	<u>57,412,010</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	31,545,000	49,050,000	49,715,000
Water Utility - Bonds and Notes	<u>31,545,000</u>	<u>49,050,000</u>	<u>49,715,000</u>
Total Authorized But Not Issued	<u>31,545,000</u>	<u>49,050,000</u>	<u>49,715,000</u>
 Net Bonds and Notes Issued and Authorized But Not Issued	 <u>\$100,983,770</u>	 <u>\$102,552,149</u>	 <u>\$107,127,010</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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 2.840% for 2018.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$21,048,807	\$21,048,807	\$0
General Debt	92,249,887	300,509	91,949,378
Utility Debt	<u>8,733,883</u>	<u>8,733,883</u>	<u>0</u>
	<u>\$122,032,577</u>	<u>\$30,083,199</u>	<u>\$91,949,378</u>

Net debt of \$91,949,378 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$3,081,739,212 equals 2.840% for 2018.

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>9,699,315</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.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>2018</u>	<u>2017</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$113,330,251	\$107,860,872
Net Debt	<u>91,949,378</u>	<u>102,406,792</u>
Remaining Borrowing Power	<u>\$21,380,873</u>	<u>\$5,454,080</u>

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

	<u>2018</u>	<u>2017</u>
Cash receipts from fees, rents or other charges for year	<u>\$4,527,228</u>	<u>\$4,448,956</u>
Deductions:		
Operating and Maintenance Cost	2,958,632	3,231,964
Debt Service per Water Utility	<u>1,231,035</u>	<u>1,242,956</u>
Total Deductions	<u>4,189,667</u>	<u>4,474,920</u>
Excess (Deficit) in Revenue - "Self Liquidating"	<u>\$337,561</u>	<u>(\$25,964)</u>

The Township's long-term debt consisted of the following at December 31, 2018 and 2017:

<u>General Obligation Bonds - Paid by Current Fund</u>	<u>2018</u>	<u>2017</u>
\$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	\$420,000	\$845,000
\$2,900,000 General Obligation Bonds - BCIA Series 2005 - with varying interest rates issued May 1, 2005, due through June 1, 2031	1,860,000	1,965,000
\$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>22,800,000</u>	<u>24,550,000</u>
Total General Serial Bonds	<u>\$25,080,000</u>	<u>\$27,360,000</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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>2018</u>	<u>2017</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	\$1,006,000	\$1,071,000
\$1,568,018 Fund Loan (CW) - at a zero rate of interest issued December 2, 2010 due through August 1, 2030	<u>980,387</u>	<u>1,064,334</u>
Total General Serial Bonds	<u>\$1,986,387</u>	<u>\$2,135,334</u>

Water utility Bonds - Paid by Water Utility Fund

Water Utility Serial Bonds:

	<u>2018</u>	<u>2017</u>
\$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	\$2,000,000	2,320,000
\$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>1,260,000</u>	<u>1,395,000</u>
Total General Serial Bonds	<u>\$3,260,000</u>	<u>\$3,715,000</u>

Wastewater Treatment Loans - Paid by Water Utility Fund

	<u>2018</u>	<u>2017</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	\$2,748,000	\$2,978,000
\$4,408,475 Fund Loan (DW) - at a zero rate of interest issued December 2, 2010 through August 1, 2030	<u>2,725,883</u>	<u>3,006,315</u>
Total General Serial Bonds	<u>\$5,473,883</u>	<u>\$5,984,315</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate debt service requirements are as follows:

		Serial/Refunding Bonds			
		General Capital Debt		Water Utility Capital Debt	
Year	Total	Principal	Interest	Principal	Interest
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	3,662,900	2,380,000	676,000	560,000	46,900
2024-2028	15,851,200	13,330,000	1,907,500	525,000	88,700
2029-2031	<u>762,600</u>	<u>530,000</u>	<u>40,500</u>	<u>185,000</u>	<u>7,100</u>
	<u>\$34,987,800</u>	<u>\$25,080,000</u>	<u>\$6,120,750</u>	<u>\$3,260,000</u>	<u>\$527,050</u>

		New Jersey Environmental Infrastructure Trust Loans			
		General Capital Fund		Water Utility Capital Fund	
Year	Total	Principal	Interest	Principal	Interest
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	829,324	159,947	34,365	549,432	85,580
2024-2028	4,017,147	864,739	110,945	2,827,723	213,740
2029-2030	<u>360,908</u>	<u>346,913</u>	<u>13,995</u>	<u> </u>	<u> </u>
	<u>\$8,556,575</u>	<u>\$1,986,387</u>	<u>\$331,815</u>	<u>\$5,473,883</u>	<u>\$764,490</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, 2018 the Township had authorized but not issued debt as follows:

General Capital Fund	\$31,545,000
Water Utility Capital Fund	-0-

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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, 2018 and 2017, the Township had \$33,638,500 and \$14,307,500, respectively, in outstanding General Capital bond anticipation notes. The Township also had \$-0- and \$-0-, respectively, in outstanding Water Utility Capital Bond Anticipation Notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2018 and 2017.

<u>2018</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
Oppenheimer & Co., Inc.	\$0	\$20,000,000	\$	\$20,000,000
Oppenheimer & Co., Inc.	4,415,000	5,065,000	4,415,000	5,065,000
Oppenheimer & Co., Inc.	<u>9,892,500</u>	<u>8,573,500</u>	<u>9,892,500</u>	<u>9,892,500</u>
	<u>\$14,307,500</u>	<u>\$33,638,500</u>	<u>\$14,307,500</u>	<u>\$33,638,500</u>
<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>

NOTE 5. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2018 which have been appropriated as revenue in the 2019 budgets are as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	\$1,975,000	\$1,425,000
Water Utility	101,951	178,241
Swimming Pool Utility	82,287	87,928

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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, 2018 and 2017 would approximate \$3,937,541 and \$4,057,097, 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, 2018 and 2017 was the sum of \$350,625 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, 2018 and 2017, \$29,530,565 and \$22,258,740 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, 2018 and 2017
(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, 2018 and 2017 amounted to \$1,232,561 and \$1,246,476, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
American Funds Growth	\$184,679	\$186,070
Delaware VIP Small Cap Value		53,935
Fixed Account	125,987	115,986
LVIP Delaware Special Opportunities		57,136
LVIP SSGA S&P 500 Index	151,291	151,896
LVIP T. Rowe Price Structured Mid-Cap	241,263	245,009
All Others	<u>529,341</u>	<u>436,444</u>
Total	<u>\$1,232,561</u>	<u>\$1,246,476</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, 2018 and 2017:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Land	\$133,198,900	\$	\$	\$133,198,900
Building	7,621,800			7,621,800
Machinery and Equipment	<u>10,173,141</u>	<u>147,973</u>	<u>64,499</u>	<u>10,256,615</u>
	<u>\$150,993,841</u>	<u>\$147,973</u>	<u>\$64,499</u>	<u>\$151,077,315</u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. FIXED ASSETS, (continued)

	<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>

NOTE 9. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2018 consist of the following:

\$81,495	Due to the General Capital Fund from the Current Fund for budgeted capital improvement funds less reimbursement for expenditures
7,504	Due to the Current Fund from the Animal License Trust Fund for statutory excess
13,875	Due to the Current Fund from the Federal and State Grant Fund for deposits in error.
268	Due to the POAA Trust Fund from the Current Fund for deposits in error.
<u>365,772</u>	Due to the Other Trust Fund from the Current Fund for tax title lien premiums
<u>\$468,914</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, 2018 and 2017
(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, 2018 and 2017 is \$377,637 and \$754,494, 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:

	Balance <u>Dec.31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding Year Budget
<u>2018</u>			
Current Fund:			
EnCap Tax Refunding - Township Portion	\$377,637	\$377,637	\$
Swimming Pool Utility Fund:			
Overexpenditure of Appropriation Reserves	<u>1,074</u>	<u>1,074</u>	<u> </u>
Total Deferred Charges	<u>\$378,711</u>	<u>\$378,711</u>	<u>\$ </u>

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 11. DEFERRED CHARGES, (continued)

<u>2017</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	\$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>

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 2018 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, 2018 and 2017
(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 Township’s OPEB costs are funded on a pay as you go basis, as invoices are submitted they are paid through the annual budget process. The payment of OPEB costs to be funded in the future, by the Township of Lyndhurst, are calculated based on the annual required contribution (ARC). The specific calculation of ARC is actuarially determined in accordance with Government Accounting Standards Board (GASB) 75 and pursuant to the guidance provided in LFN-2007-15 of the New Jersey Division of Local Government Services, pertaining to the “Disclosure of

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 13. OTHER POST EMPLOYMENT BENEFITS, (continued)

Liabilities for Other Post-Employment Benefits for Municipalities and Counties". The rules established in these guidelines are intended to provide: 1-a calculation of an annual payment that reflects the current expense of paying for already retired employees; and, 2-to recognize the costs being incurred for payments that will be made in the future for today's employees. The ideal result of funding future OPEB on a current basis may NOT be realized; however, calculation and disclosure will help local officials and regulators, as well as investors in local unit debt, understand the nature of the Township's OPEB plan. The aforementioned LFN indicates that New Jersey Budget Law does NOT require funding of OPEB amounts beyond the invoices presented for payment and budgeted for on an annual basis. In other words, future OPEB expenses are deferred and not recorded on the financial records of local units. However, local units in New Jersey are required to comply with the calculation and disclosure provisions of GASB 75 (and related SEC requirements when a local unit has outstanding debt obligations).

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 75. 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, 2019 – Net initial annual cost of OPEB:
 Retired Members (25) = \$883,275 less contributions of \$59,514 = \$823,760

The Township's January 1, 2019 "Normal" cost of OPEB for future retirees:

Current Police Employee (41) =	\$1,518,582
Current Eligible Regular Employees (52) =	<u>\$1,504,048</u>
TOTAL	<u>\$3,022,630</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, 2019 actuarial annual cost of future OPEB for current and future retirees:

TOTAL	<u>\$1,201,454</u>
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TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 13. OTHER POST EMPLOYMENT BENEFITS

Note: This is the estimated (projected) average annual cost of OPEB for current and future retirees assuming a 3% growth in NET health insurance costs-which is net of "Chapter 78 employee contributions" and that all 93 current 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, 2018, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$37,245,089, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$37,245,089.

The Present Value (PV) of all other post-employment benefits (OPEB) is the total of all expected future benefits to be paid over the actuarial period, based on certain assumptions. On average over the next 30 years the Township will pay \$1,201,454 annually for OPEB provided that "Chapter 78", employee contributions, remains as is. The Township currently pays \$823,760 annually for OPEB. Accordingly, over the next several years the Township budget for OPEB will increase by approximately \$377,694, a 46% increase over 2019. These numbers are in 2019 dollars.

The \$1,201,454 is the amount expected to be budgeted annually for retiree OPEB. This number will increase if medical cost inflation increases beyond a reasonable rate. We have assumed a 3% inflation factor for all retiree health benefits.

Special Funding Situation PFRS With State Health Local Government Retired Employees Plan

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred outflows of resources to report in the financial statements of the local participating employers related to this legislation.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 13. OTHER POST EMPLOYMENT BENEFITS

At December 31, 2018, the State's proportionate share of the net OPEB liability attributable to the Township for the PFRS special funding situation is \$12,683,078 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$383,932.

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, 2018</u>	<u>Balance</u> <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$300,175</u>	<u>\$1,318,472</u>
Cash Liability for Taxes Collected in Advance	<u>\$300,175</u>	<u>\$1,318,472</u>

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.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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 \$1,648 and \$1,635 for 2018 and 2017, 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, 2018 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 16. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 24, 2019, 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.

TOWNSHIP OF LYNDHURST
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 17. LITIGATION, (continued)

By Notice of Claim dated October 10, 2017, mother of son placed the Township on notice of potential claim involving the fatal shooting of her son on September 16, 2014 on Route 3 in Rutherford, New Jersey. The Notice of Claim was served following the release of the name of the officers involved in the shooting. Claimant will allege that prior to the release of that information, she was unable to identify the Township of Lyndhurst as a potential tortfeasor. Claimant alleges excessive use of force causing the death of her son. The Notice of Claim asserts a claim in the amount of \$500,000. This Notice of Claim has been forwarded to the appropriate insurance program. Claimant has not yet commenced litigation.

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	
Karen Haggerty	Commissioner	
Richard Jarvis Sr.	Commissioner	
Angela White	Town Clerk	(A)
Joan Barone	Chief Financial Officer	(A)
Joan Barone	Tax Collector	(A)
Denis McGuire	Tax Assessor	
Carmine Alampi	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	
Deana McCann	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>2018</u>	<u>2017</u>	<u>2016</u>
Tax rate	<u>2.976</u>	<u>2.901</u>	<u>2.836</u>
Apportionment of tax rate:			
Municipal	1.244	1.227	1.251
County	0.304	0.289	0.243
School	<u>1.428</u>	<u>1.385</u>	<u>1.342</u>

Assessed Value

2018		\$	2,665,719,871
2017			2,678,207,859
2016			2,684,516,508

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>Tax Levy</u>	<u>Collections</u>	<u>Currently</u> Percentage of Collection
2018	\$	81,075,943	78,008,942	96.22%
2017		77,896,692	76,210,176	97.83%
2016		74,784,471	72,645,501	97.14%

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>
2018	\$	2,662,425	828,858	3,491,283	4.31%
2017		1,208,691	758,235	1,966,926	2.53%
2016		8,603,959	614,606	9,218,565	12.33%

TOWNSHIP OF LYNDHURST

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2018 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>
2018	\$ 7,542,000
2017	7,542,000
2016	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, 2018	\$ 11,966,810	1,975,000
	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-
Water Utility Operating Fund	Dec. 31, 2018	1,621,079	101,951
	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
Swim Pool Utility Operating Fund	Dec. 31, 2018	85,096	82,287
	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

TOWNSHIP OF LYNDHURST

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Program	CFDA number	FAIN number	Grant or State Project Number	Grant period	Award Amount	Cash Received	Expenditures	MEMO Cumulative Total Expenditures
<u>Federal and State Grant Fund:</u>								
<u>U.S. Department of Justice:</u>								
Fire Department FEMA - Veterans	97.036		K65723031	2014	6,412		*	
DEA/Equitable Sharing	16.922		K65723031	2015	58,151	5,549	*	58,151
Bullet Proof Vests	16.607		2016BUBX16080469	2018	4,853	4,853	*	
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	066-1160-100-158	2017	5,500	6,600	*	5,500
Distracted Driving Incentive	20.616	AL-18-45-04-MH-90	066-1160-100-158	2018	6,600	13,860	*	
Non-Motorized Safety	20.616	AL-18-45-04-MH-90	066-1160-100-163	2018	13,860		*	
Impaired Driving Countermeasure	20.616	AL-16-15-04-MS-75	066-1160-100-157	2016	4,800		*	4,800
Impaired Driving Countermeasure	20.616	AL-17-15-04-MS-75	066-1160-100-157	2017	5,500	5,500	*	5,500
Impaired Driving Countermeasure	20.616	AL-18-15-04-MS-75	066-1160-100-157	2018	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	74,294	74,294	*	74,294
Severe Winter Storm and Snow Storm Quinn	97.036		2019-066-1200-100-C27	2018	35,110	35,110	*	35,110
Total Current Fund								

TOWNSHIP OF LYNDHURST

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Program	CFDA number	FAIN number	Grant or State Project Number	Grant period	Award Amount	Cash Received	MEMO		
							Expenditures	Cumulative Total Expenditures	
<u>General Capital Fund:</u> Department of Housing and Urban Development Community Development Block Grant Pass through County of Bergen Sanford Avenue	14.218		Ord. 2936-16	2018	48,200	48,200	48,200 *	48,200	
Total Department of Housing and Urban Development									
<u>U.S. Department of Transportation</u> National Highway Safety Pass through State of NJ NJ Avenue Resurfacing	20.205		Ord. 2916-15	2018	43,914	43,914	43,914 *	43,914	
Total U.S. Department of Transportation									
Total General Capital Fund									
<u>Trust Fund:</u> U.S. Department of Justice: DEA/Equitable Sharing	16.922	17-DEA-631603	NJ0023200	2018	238,103	238,103	299,994 *	299,994	
Total U.S. Department of Justice									
Total Trust Fund									
Total Federal Awards									
						\$	470,434	522,861 *	575,463

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, 2018

	Grant number	Grant period	Award Amount	Cash Received	Expenditures	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	8050-022-035-5157	2018	14,415	14,415	*	
Special Legislative Grant - Streetscaping		2001	100,000		14	100,000
Special Legislative Grant - Furniture		2001	4,000		4,000	4,000
Special Legislative Grant - Communication Tower		2001	250,000		*	217,972
Total Department of Community Affairs					4,014	325,310
<u>Department of Environmental Protection</u>						
Clean Communities Program	4900-765-042-4900	2015	37,221		4,639	37,221
Clean Communities Program	4900-765-042-4900	2016	42,985		14,261	14,261
Clean Communities Program	4900-765-042-4900	2017	36,519		*	
Clean Communities Program	4900-765-042-4900	2018	34,952	34,952	*	
Recycling Tonnage Grant	4910-100-042-4910	2011	28,387		14,720	28,387
Recycling Tonnage Grant	4910-100-042-4910	2012	27,949		27,950	27,950
Recycling Tonnage Grant	4910-100-042-4910	2013	24,975		15,098	15,098
Recycling Tonnage Grant	4910-100-042-4910	2014	26,661		*	
Recycling Tonnage Grant	4910-100-042-4910	2015	28,938		*	
Total Department of Environmental Protection					76,668	122,917

TOWNSHIP OF LYNDHURST

Schedule of Expenditures of State and Local Financial Assistance

Year Ended December 31, 2018

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>Department of Justice</u>						
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2009	2,891		47 *	2,891
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2010	2,553		2,553 *	2,553
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2012	1,834		43 *	43
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		*	
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2017	5,984		*	
Alcohol Education/Rehabilitation Fund	9735-760-098-Y900	2018	5,785	5,785	*	
Total Department of Justice				5,785	2,643 *	5,487
<u>Division of Highway and Traffic Safety</u>						
Pedestrian Safety Enforcement and Education	1160-131-066-1160	2016	5,700		5,700 *	5,700
Pedestrian Safety Enforcement and Education	1160-131-066-1160	2017	7,800		7,800 *	7,800
Total Division of Highway and Traffic Safety					13,500 *	13,500
<u>Department of Law and Public Safety:</u>						
Drunk Driving Enforcement Fund	6400-100-078-6400	2016	20,519		2,438 *	20,519
Drunk Driving Enforcement Fund	6400-100-078-6400	2017	17,333		14,691 *	14,691
Body Armor Replacement Program	1020-718-066-1020	2014	4,549		*	1,039
Body Armor Replacement Program	1020-718-066-1020	2015	4,794		*	
Body Armor Replacement Program	1020-718-066-1020	2016	4,189		*	
Body Armor Replacement Program	1020-718-066-1020	2017	4,517		*	
Total Department of Law and Public Safety					17,129 *	36,249

TOWNSHIP OF LYNDHURST

Schedule of Expenditures of State and Local Financial Assistance

Year Ended December 31, 2018

	Grant number	Grant period	Award Amount	Cash Received	Expenditures	MEMO Cumulative Total Expenditures
<u>Department of State - Cultural Affairs</u>						
NJ State Cultural Affairs Grant (NJSCA)		2013	468		*	
NJ State Cultural Affairs Grant (NJSCA)		2014	517		*	
NJ State Cultural Affairs Grant (NJSCA)		2016	187		*	
Total Department of State - Cultural Affairs						
Total State Assistance						
<u>Other Financial Assistance:</u>						
<u>Bergen County:</u>						
Arts Grant Program	n/a	2016	1,950	436	262	262
Arts Grant Program	n/a	2017	1,744	1,440	1,307	1,307
Arts Grant Program	n/a	2018	1,920	1,000	*	
NJSEA Arbor Tree Grant	n/a	2018	1,000	1,000	*	
Prosecutor Confiscated Funds	n/a	2011	93,112		2,764	2,764
<u>Other Miscellaneous Local Assistance:</u>						
BCUA Recycling Assistance Program		2011	13,568		13,568	13,568
Total Local Financial Assistance						
Total Federal and State Grant Fund						

TOWNSHIP OF LYNDHURST

Schedule of Expenditures of State and Local Financial Assistance

Year Ended December 31, 2018

	Grant number	Grant period	Award Amount	Cash Received	Expenditures	MEMO
						Cumulative Total Expenditures
<u>General Capital Fund:</u>						
	<u>Bergen County Open Space</u>					
	Town Hall Park Resurfacing	2018	63,038	63,038	63,038 *	63,038
Total General Capital Fund						
Total State and Local Financial Assistance						
				63,038	63,038 *	63,038
			\$ 121,066	194,893 *	584,402	584,402

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, 2018

	Current <u>Fund</u>	Federal & State <u>Grant Fund</u>
Balance - December 31, 2017	\$ 13,861,743	791,349
Increased by Receipts:		
Taxes Receivable	77,611,583	
Interfunds	269,624	15,662
Prepaid Taxes	300,175	
Revenue Accounts Receivable	4,726,471	
Due from State of N.J. - Senior Citizens' and Veterans' Deductions	134,592	
Miscellaneous Revenue Not Anticipated	1,341,008	
Tax Overpayments	7,151	
Due to State of New Jersey - Marriage Fees	3,950	
Due to State of New Jersey - Construction Fees	27,372	
Tax Title Lien Premiums and Redemptions	248,545	
Various Reserves	750,931	
Municipal Liens	63,087	
DEA/Equitable Sharing		245,093
Unappropriated Reserves		88,841
	<u>85,484,489</u>	<u>349,596</u>
	99,346,232	1,140,945
Decreased by disbursements:		
2018 Appropriations	33,645,428	
2017 Appropriation Reserves	992,899	
County Taxes	8,113,110	
Local District School Tax	38,095,035	
Tax Overpayments	365,071	
Various Reserves	827,375	
Due to State of New Jersey - Marriage Fees	3,275	
Due to State of New Jersey - Construction Fees	18,530	
Interfunds	862,854	45,761
Tax Title Lien Premiums and Redemptions	252,948	
County PILOT Payments	2,154	
DEA/Equitable Sharing		299,994
Appropriated Reserves		153,204
	<u>83,178,679</u>	<u>498,959</u>
Balance - December 31, 2018	\$ <u>16,167,553</u>	<u>641,986</u>

Exhibit A-5

TOWNSHIP OF LYNDHURST

Schedule of Change Fund

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>325</u>
Balance - December 31, 2018	\$ <u><u>325</u></u>
Tax Collector	100
Court	150
Building	25
Clerk	<u>50</u>
	\$ <u><u>325</u></u>

Exhibit A-6

**Schedule of Due from/(to) State of New Jersey -
Chapter 20, P.L. 1971**

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ (12,035)
Increased by Senior Citizens' and Veterans' Deductions:	
Per Tax Billings	\$ 144,250
Allowed by Tax Collector	<u>1,500</u>
	<u>145,750</u>
	133,715
Decreased by Senior Citizens' and Veterans' Deductions:	
Disallowed by Tax Collector	6,715
Received in Cash from State	<u>134,592</u>
	<u>141,307</u>
Balance - December 31, 2018	\$ <u><u>(7,592)</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Taxes Receivable and Analysis of
Property Tax Levy

Current Fund

Year ended December 31, 2018

Year of Levy	Balance, Dec. 31, 2017	Levy	2017	2018	Collections 2018	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Adjustment	Balance, Dec. 31, 2018
Prior										
2007	10,422								3,451	3,451
2008	10,677							(10,240)	(10,240)	182
2009	11,015							(10,490)	(10,490)	187
2010	11,810							(10,822)	(10,822)	193
2011	12,416							(11,603)	(11,603)	207
2012	30,425							(12,198)	(12,198)	218
2013	108,760							(30,146)	(30,146)	279
2014	132,969							(86,768)	(86,768)	21,992
2015	134,734							(89,406)	(89,406)	43,563
2016	141,140							(90,593)	(90,593)	44,141
2017	604,323				1,060,148		1,978	(64,198)	(64,198)	45,634
	1,208,691				1,060,148		(62,220)			50,716
2018		81,075,943	1,318,472	76,551,435		139,035	126,349	488,990		2,451,662
	\$ 1,208,691	81,075,943	1,318,472	77,611,583		139,035	126,349	426,770		2,662,425

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 79,231,823
Added/Omitted Taxes	1,744,120
	\$ 81,075,943

Tax Levy:	
Local District School Tax	\$ 38,065,035
County Tax	8,113,110
County Added and Omitted Taxes	178,106
	46,356,251

Local Tax for Municipal Purposes	33,139,591
Additional Taxes	1,580,101
	34,719,692
	\$ 81,075,943

TOWNSHIP OF LYNDHURST

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$	758,235
Increased by:			
Interest and Costs of Tax Sale	\$	7,361	
Transfer from 2018 Taxes Receivable		<u>126,349</u>	
			<u>133,710</u>
			891,945
Decreased by:			
Cash Received			<u>63,087</u>
Balance - December 31, 2018		\$	<u><u>828,858</u></u>

TOWNSHIP OF LYNDHURST

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

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>7,542,000</u>
Balance - December 31, 2018	\$ <u><u>7,542,000</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	<u>Accrued</u>	<u>Collected</u>	Balance, Dec. 31, <u>2018</u>
Licenses:				
Alcoholic Beverages	\$	33,488	33,488	
Fees and Permits		112,122	112,122	
Fines and Costs:				
Municipal Court	30,777	450,353	445,143	35,987
Interest and Costs on Taxes		210,413	210,413	
Sewer Charges		363,914	363,914	
Hotel Occupancy Tax		352,444	352,444	
Consolidated Municipal Property Tax Relief Aid		143,156	143,156	
Energy Receipts Tax		1,266,184	1,266,184	
Uniform Construction Code Fees		302,284	302,284	
Franchise Fee - Comcast		97,312	97,312	
Franchise Fee - Fios		226,123	226,123	
Recycling Proceeds		5,518	5,518	
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		60,000	60,000	
Ambulance Fees		416,669	416,669	
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>30,777</u>	<u>4,731,681</u>	<u>4,726,471</u>	<u>35,987</u>

TOWNSHIP OF LYNDHURST

Schedule of Interfunds

Current Fund

Year ended December 31, 2018

	Due from/(to) Balance Dec. 31, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, <u>2018</u>
Federal and State Grant Fund	\$	61,423	47,548	13,875
General Capital Fund	(338,792)	703,432	446,135	(81,495)
Animal License Trust	57,282	7,504	57,282	7,504
Trust Funds:				
Other Trust Fund	(484,572)	235,200	116,400	(365,772)
POAA Trust Fund			268	(268)
	<u>\$ (766,082)</u>	<u>1,007,559</u>	<u>667,633</u>	<u>(426,156)</u>
Due to Current Fund	\$ 57,282	68,927	104,830	21,379
Due from Current Fund	<u>(823,364)</u>	<u>938,632</u>	<u>562,803</u>	<u>(447,535)</u>
	<u>\$ (766,082)</u>	<u>1,007,559</u>	<u>667,633</u>	<u>(426,156)</u>
Cash Disbursements	\$	862,854		
Cash Receipts			269,624	
Capital Improvement Fund			150,000	
Reserve for Recreation Improvements			13,200	
Reserve for Municipal Parking Lot			110,000	
Statutory Excess		7,504		
Interest Earnings		91,440	79,048	
Reserve for FEMA Reimbursement Cancelled		45,761	45,761	
		<u>\$ 1,007,559</u>	<u>667,633</u>	

TOWNSHIP OF LYNDHURST

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	<u>Reduced</u>	Balance, Dec. 31, <u>2018</u>
EnCap Tax Refunding - Township Portion	\$ <u>754,494</u>	<u>376,857</u>	\$ <u>377,637</u>
	\$ <u><u>754,494</u></u>	<u><u>376,857</u></u>	\$ <u><u>377,637</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$	155,615
Increased by:		
Transfer from 2018 Budget		<u>363,490</u>
		519,105
Decreased by:		
Transferred to Appropriation Reserves		<u>155,615</u>
Balance - December 31, 2018	\$	<u><u>363,490</u></u>

TOWNSHIP OF LYNDHURST

Schedule of 2017 Appropriation Reserves

Current Fund

Year ended December 31, 2018

<u>Description</u>	<u>Balance, Dec. 31, 2017</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or charged</u>	<u>Balance lapsed</u>
Salaries and Wages:				
Central Services	\$ 109	109		109
Municipal Clerk	183	183		183
Tax Assessment Administration	64	64		64
Public Health Services	14,236	14,236		14,236
Medical Transportation Program	8,248	8,248		8,248
Financial Administration	34,465	34,465		34,465
Revenue Administration	6,049	6,049		6,049
Police	23,357	23,357	23,357	
School Marshalls	25,184	25,184		25,184
Police Clerical	1,038	1,038		1,038
Emergency Medical Services	2,775	2,775		2,775
Fire Department	28,043	28,043		28,043
Fire Prevention	469	469		469
Municipal Court	2,420	2,420		2,420
Road Repairs and Maintenance	25,144	25,144		25,144
Sewer System	9,706	9,706		9,706
Public Works Administration	1,362	1,362		1,362
Shade Trees	31	31		31
Recycling/Beautification Program	5,825	5,825		5,825
Summer Day Camp	3,097	3,097		3,097
Senior Citizen Activities	1,890	1,890		1,890
Maintenance of Parks	67	67		67
Construction Code Official	4	4		4
Other Expenses:				
Central Services	5,747	5,747	5,622	125
Municipal Clerk	4,209	4,459	4,171	288
Tax Assessment Administration	6,766	7,269	6,534	735
Planning Board				
Other Expenses	1,553	2,110	1,374	736
Other Expenses - Affordable Housing Litigation	9,641	9,641	2,870	6,771
Zoning Board of Adjustment	155	515	330	185
Rent Leveling Board	42	42		42
Public Health Services	237	487	197	290
Medical Transportation Program	250	250		250
Aid to Mental Health Association	5,000	5,000		5,000
Financial Administration	4,634	11,730	10,320	1,410
Revenue Administration	5,523	5,637	5,140	497
Police	88,499	112,911	112,280	631
School Marshalls	928	928		928
Fire Prevention	1,644	1,644	10	1,634
Emergency Medical Services				
Other Expenses	4,399	5,565	5,166	399
Other Expenses - Third Party Billing	18,172	18,172	2,188	15,984
Aid to Volunteer Fire Companies	303	1,062	532	530
Aid to Volunteer Ambulance Companies	70	259	189	70
Fire Department	4,959	8,215	8,122	93
Municipal Court	10,539	12,437	12,374	63
Public Defender	1,000	1,000		1,000
Engineering	5,227	6,702	6,702	
Road Repairs and Management	10,327	37,667	37,667	
Sewer System	26,828	14,846	2,996	11,850

TOWNSHIP OF LYNDHURST

Schedule of 2017 Appropriation Reserves

Current Fund

Year ended December 31, 2018

Description	Balance, Dec. 31, 2017	Balance After Transfers and Encumbrances	Paid or charged	Balance lapsed
Shade Trees	14,264	15,919	1,101	14,818
Drug and Alcohol Testing	1,000	1,000		1,000
Vehicle Maintenance	15,868	22,265	10,663	11,602
Recycling/Beautification Program				
Other Expenses	544	544		544
Other Expenses - Recycling Contract	26,757	29,362	28,347	1,015
Dump Fees				
Other Expense	17,790	70,358	57,206	13,152
Other Expense - Grass and Leaves	11,980	11,980		11,980
Building and Grounds	8,152	13,810	13,713	97
Recreation Services	11,212	17,028	5,692	11,336
Handicapped Persons Program	212	212		212
Senior Citizens Activities	49	49		49
Maintenance of Parks	40,786	41,836	8,086	33,750
Unclassified-Vehicle Maintenance	11	3,546	3,546	
General Postage Expenses	1,856	1,856		1,856
Uniform Construction Code				
Other Expenses	6,068	6,160	6,160	
Other Expenses - Clean Up/Demo	2,500	2,500	1,065	1,435
Other Expenses - Tenant Relocation	1,733	1,733		1,733
Unclassified				
Other Insurance Premiums	2,614	2,614	645	1,969
Disability Insurance Program	2,500	2,500		2,500
Employee Group Insurance	617,757	617,757	68,523	549,234
Unemployment Trust Contribution	8,769	8,769	2,332	6,437
Legal Services	44,375	44,375		44,375
Legal and Other Professional Services	21,388	21,388	21,388	
Legal Services - Tax Appeals	23,225	23,225	16,438	6,787
Legal Advertising	6,326	6,326	2,414	3,912
Electricity	167,039	167,216	28,945	138,271
Street Lighting	81,744	81,744	71,191	10,553
Telephone	2,436	3,923	3,114	809
Gasoline	94,931	104,397	16,434	87,963
Annual Audit	50,000	50,000	25,000	25,000
Data Processing	2,852	4,253	4,253	
Celebration of Public Events	79	3,394	1,083	2,311
Shared Service Operating Expense	33,000	33,000		33,000
Swimming Pool	4,000	4,000	4,000	
DEP Fees - Trust Loan (CW)	7,975	7,975		7,975
Contingent	25,937	28,687	28,000	687
Statutory Expenditures:				
Social Security System (O.A.S.I.)	30,732	30,732	507	30,225
Operations - Excluded From "CAPS"				
Maintenance of Free Public Library Contribution	262,832	262,832	262,832	
Volunteer Length of Service Awards Program	36,580	36,580	36,580	
Interlocal Municipal Service Agreements:				
911 Service	30,000	30,000		30,000
Borough of Wanaque-QPA Services	15,500	15,500	15,500	
	<u>\$ 2,143,791</u>	<u>2,299,406</u>	<u>992,899</u>	<u>1,306,507</u>
Appropriation Reserves \$	2,143,791			
Encumbrances		155,615		
		<u>\$ 2,299,406</u>		

Exhibit A-15

TOWNSHIP OF LYNDHURST

Schedule of Amount Due to State of New Jersey -

Construction Fees

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$	6,591
Increased by:		
Fees Collected		<u>27,372</u>
		33,963
Decreased by:		
Cash Disbursements		<u>18,530</u>
Balance - December 31, 2018	\$	<u><u>15,433</u></u>

Exhibit A-16

Schedule of Amount Due to State of New Jersey -

Marriage License Fees

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$	1,025
Increased by:		
Fees Collected		<u>3,950</u>
		4,975
Decreased by:		
Cash Disbursements		<u>3,275</u>
Balance - December 31, 2018	\$	<u><u>1,700</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Various Reserves

Current Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Added in <u>2018</u>	<u>Reduced</u>	Balance, Dec. 31, <u>2018</u>
Police Accumulated Absences	\$ 400,000		49,375	350,625
Health Insurance Contributions	<u>283,666</u>	<u>750,931</u>	<u>778,000</u>	<u>256,597</u>
	<u>\$ 683,666</u>	<u>750,931</u>	<u>827,375</u>	<u>607,222</u>

TOWNSHIP OF LYNDHURST

**Schedule of Outside Tax
Title Lien Redemptions**

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$	4,403
Increased by:		
Cash Receipts		<u>248,545</u>
		252,948
Decreased by:		
Cash Disbursements	\$	<u>252,948</u>

TOWNSHIP OF LYNDHURST

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ 1,318,472
Increased by:	
Cash Receipts	<u>300,175</u>
	1,618,647
Decreased by:	
Applied to 2018 Taxes	<u>1,318,472</u>
Balance - December 31, 2018	<u><u>\$ 300,175</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2018

Increased by:

Cash Receipts	\$	7,151
Tax Appeals - Fund Balance		<u>360,597</u>

\$ 367,748

Decreased by:

Cash Disbursements		<u>365,071</u>
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Balance - December 31, 2018 \$ 2,677

Exhibit A-21

TOWNSHIP OF LYNDHURST

Schedule of (Prepaid)/School Taxes Payable

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$	30,000
Increased by:		
Levy - Calender Year 2018		<u>38,065,035</u>
		38,095,035
Decreased by:		
Cash Disbursements	\$	<u><u>38,095,035</u></u>

Exhibit A-22

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2018

Increased by:			
2018 General County Levy	\$	7,778,895	
2018 County Open Space Levy		<u>334,215</u>	
			\$ <u>8,113,110</u>
Decreased by:			
Cash Disbursements	\$		<u><u>8,113,110</u></u>

TOWNSHIP OF LYNDHURST

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

Current Fund

Year ended December 31, 2018

Increased by:

County Share of Added and Omitted Taxes

\$ 178,106

Balance - December 31, 2018

\$ 178,106

TOWNSHIP OF LYNDHURST

Schedule of Due to Current Fund

Federal and State Grant Fund

Year ended December 31, 2018

Increased by:		
Cash Receipts	\$	15,662
Reserve for FEMA Reimbursement Cancelled		<u>45,761</u>
	\$	<u>61,423</u>
Decreased by:		
Cash Disbursements		45,761
Reserve for DEA/Equitable Sharing		<u>1,787</u>
		<u>47,548</u>
Balance - December 31, 2018	\$	<u><u>13,875</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2018

<u>Purpose</u>	<u>Revenue</u>	<u>Received</u>
Alcohol Education Rehabilitation	\$ 5,984	5,984
Pedestrian Safety Enforcement & Education Fund	7,800	7,800
Distracted Driving Incentive	5,500	5,500
Impaired Driving Countermeasures	5,500	5,500
Drunk Driving Enforcement Fund	17,333	17,333
Body Armor Replacement Grant	4,517	4,517
Recycling Tonnage	55,599	55,599
Clean Communities Program	36,519	36,519
Bergen County Arts Grant	1,569	1,569
	<u>140,321</u>	<u>140,321</u>
	\$ <u>140,321</u>	<u>140,321</u>
Unappropriated Reserves	\$	<u>140,321</u>

TOWNSHIP OF LYNDHURST

Schedule of Appropriated Reserves

Federal and State Grant Funds

Year ended December 31, 2018

<u>Grant</u>	Balance Dec. 31, 2017	Transferred from 2018 Budget <u>Appropriations</u>	<u>Expended</u>	Balance Dec. 31, 2018
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	
Impaired Driving Countermeasure - 2017		5,500	5,500	
Distracted Driving Incentive - 2017		5,500	5,500	
Pedestrian Safety Enforcement & Education Fund - 2016	5,700		5,700	
Pedestrian Safety Enforcement & Education Fund - 2017		7,800	7,800	
Recreation Opportunities for Individuals with Disabilities (ROID) - 2016	4,162			4,162
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 - 2014	3,510			3,510
Body Armor Replacement Program - 2015	4,794			4,794
Body Armor Replacement Program - 2016	4,189			4,189
Body Armor Replacement Program - 2017		4,517		4,517
Recycling Tonnage Grant - 2011	14,720		14,720	
Recycling Tonnage Grant - 2012	27,950		27,950	
Recycling Tonnage Grant - 2013	24,975		15,098	9,877
Recycling Tonnage Grant - 2014		26,661		26,661
Recycling Tonnage Grant - 2015		28,938		28,938
Clean Communities Program - 2015	4,639		4,639	
Clean Communities Program - 2016	42,985		14,261	28,724
Clean Communities Program - 2017		36,519		36,519
Alcohol Education Rehabilitation Program - 2009	47		47	
Alcohol Education Rehabilitation Program - 2010	2,553		2,553	
Alcohol Education Rehabilitation Program - 2012	1,834		43	1,791
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
Alcohol Education Rehabilitation Program - 2017		5,984		5,984
Drunk Driving Enforcement Fund - 2016	2,438		2,438	
Drunk Driving Enforcement Fund - 2017		17,333	14,691	2,642
BC Prosecutor Confiscated Funds	93,112		2,764	90,348
BCUA Recycling Assistance Program (MRAP)	13,568		13,568	
Bergen County Arts Grant - 2016		262	262	
Bergen County Arts Grant - 2017		1,307	1,307	
	<u>\$ 313,775</u>	<u>140,321</u>	<u>153,204</u>	<u>300,892</u>
Budget Appropriations		<u>\$ 140,321</u>		

TOWNSHIP OF LYNDHURST

Reserve for FEMA Reimbursements - 2011 Storms

Federal and State Grant Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>45,761</u>
Decreased By:	
Interfund - Cancelled	\$ <u><u>45,761</u></u>

TOWNSHIP OF LYNDHURST

Reserve for DEA/Equitable Sharing

Federal and State Grant Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$	291,492
Increased By:			
Cash Receipts	\$	245,093	
Interfunds		<u>1,787</u>	
			<u>246,880</u>
			538,372
Decreased By:			
Cash Disbursements			<u>299,994</u>
Balance - December 31, 2018		\$	<u><u>238,378</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year ended December 31, 2018

<u>Grant</u>	Balance Dec. 31, <u>2017</u>	2018 Budget <u>Appropriations</u>	Cash <u>Received</u>	Balance Dec. 31, <u>2018</u>
Alcohol Education Rehabilitation Program \$	5,984	5,984	5,785	5,785
Drunk Driving Enforcement Fund	17,333	17,333		
Recycling Tonnage Grant	55,599	55,599		
Body Armor Replacement Program	4,517	4,517		
Clean Communities Program	36,519	36,519	34,952	34,952
NJSEA Arbor Tree Grant			1,000	1,000
Bullet Proof Vest Grant			4,853	4,853
Recreation Opportunities for Individuals with Disabilities (ROID)			14,415	14,415
Bergen County Arts Grant	1,569	1,569	1,876	1,876
Pedestrian Safety Enforcement & Education	7,800	7,800		
Non-Motorized Safety			13,860	13,860
Distracted Driving Incentive	5,500	5,500	6,600	6,600
Impaired Driving Countermeasures	5,500	5,500	5,500	5,500
	<u>\$ 140,321</u>	<u>140,321</u>	<u>88,841</u>	<u>88,841</u>

TOWNSHIP OF LYNDHURST

Schedule of Cash

Trust Funds

Year Ended December 31, 2018

	Dog License Trust Fund	Other Trust Fund	Unemployment Insurance Trust Fund	LOSAP Trust Fund
Balance - December 31, 2017	\$ 73,440	1,322,617	6,076	1,246,476
Increase by Receipts:				
Reserve for Animal Trust Expenditures	6,871			
Due to the State of New Jersey	1,274			
Various Reserves and Deposits		2,449,434		
Contributions				60,495
Total Receipts	8,145	2,449,434		60,495
	81,585	3,772,051	6,076	1,306,971
Decreased by Disbursements:				
Reserve for Animal Trust Expenditures	688			
Interfunds	57,282			
Due to the State of New Jersey	1,266			
Various Reserves and Deposits		2,110,253		
Account Charges/Tax				68,710
Depreciation in Fair Value of Investments				2,400
LOSAP Distributions				3,300
Total Disbursements	59,236	2,110,253		74,410
Balance - December 31, 2018	\$ 22,349	1,661,798	6,076	1,232,561

TOWNSHIP OF LYNDHURST
Schedule of Due to State of New Jersey
Trust Funds
Year Ended December 31, 2018

	Dog License <u>Fees</u>
Increased by:	
Dog License Fees	\$ <u>1,274</u>
Decreased by:	
Cash Disbursements	<u>1,266</u>
Balance - December 31, 2018	\$ <u><u>8</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Interfunds Receivable/(Payable)

Trust Funds

Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Current Fund:				
Other Trust	\$ 484,572	116,400	235,200	365,772
POAA		268		268
Animal License Trust	<u>(57,282)</u>	<u>57,282</u>	<u>7,504</u>	<u>(7,504)</u>
	<u>\$ 427,290</u>	<u>173,950</u>	<u>242,704</u>	<u>358,536</u>
Due to Trust Funds	\$ 484,572	116,668	235,200	366,040
Due From Trust Funds	<u>(57,282)</u>	<u>57,282</u>	<u>7,504</u>	<u>(7,504)</u>
	<u>\$ 427,290</u>	<u>173,950</u>	<u>242,704</u>	<u>358,536</u>
		Tax Sale Premiums \$ 116,400	235,200	
		POAA Expenditures 268		
		Cash Disbursements 57,282		
		Statutory Excess	<u>7,504</u>	
		<u>\$ 173,950</u>	<u>242,704</u>	

TOWNSHIP OF LYNDHURST

Schedule of Various Reserves and Deposits

Trust Funds

Year Ended December 31, 2018

	Balance Dec. 31, 2017	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, 2018
Developers & Escrow Deposits	\$ 355,959	42,950	199,844	199,065
Maintenance Bonds	8,000	175,476	5,000	178,476
100th Anniversary	404		97	307
Marriage Fees	934	2,700	2,100	1,534
Tax Sale Premiums	569,472	116,400	235,200	450,672
Community Development		48,340	48,340	
Off-Duty Police	198,202	786,776	663,097	321,881
POAA Expenditures	19,734	3,358		23,092
Employee Health Fund	139,735	104,296	56,744	187,287
COAH	104,144	90,268	1,045	193,367
Recreation	407,603	817,312	846,679	378,236
Adult Workshop		130,036	36,115	93,921
EMS Fees	3,002	413,666	416,668	
	<u>\$ 1,807,189</u>	<u>2,731,578</u>	<u>2,510,929</u>	<u>2,027,838</u>

Cash Receipts	\$ 2,449,434	
Cash Disbursements		2,110,253
Reallocation	165,476	165,476
Interfunds	116,668	235,200
	<u>\$ 2,731,578</u>	<u>2,510,929</u>

TOWNSHIP OF LYNDHURST

Schedule of Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$	16,158
Increased by:			
Dog License Fees	\$	6,121	
Miscellaneous Revenue:			
Late Fees - Dog		<u>750</u>	
			<u>6,871</u>
			23,029
Decreased by:			
Expenditures Under R.S. 4:19-15.11		688	
Statutory Excess Due to Current Fund		<u>7,504</u>	
			<u>8,192</u>
Balance - December 31, 2018		\$	<u><u>14,837</u></u>

Animal License Fees Collected

<u>Year</u>		
2016	\$	7,384
2017		<u>7,453</u>
Maximum Reserve	\$	<u><u>14,837</u></u>

TOWNSHIP OF LYNDHURST

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

Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017	\$	6,076
Increased by:		
Unemployment Insurance Payroll Deductions		<u>46,629</u>
Balance - December 31, 2018	\$	<u><u>52,705</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Accounts Receivable

Trust Funds

Year Ended December 31, 2018

Increased by:

Unemployment Insurance Payroll Deductions

\$ 46,629

Balance - December 31, 2018

\$ 46,629

TOWNSHIP OF LYNDHURST

Schedule of Service Award Contributions Receivable

Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$	44,145
Increased by:			
2017 Service Award Contributions	\$	16,350	
2018 Service Award Contributions		<u>39,552</u>	
			<u>55,902</u>
			100,047
Decreased by:			
Receipt			<u>60,495</u>
Balance - December 31, 2018		\$	<u><u>39,552</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$ 1,290,621
Increased by:		
2018 Contributions	\$ 39,552	
2017 Contributions	<u>16,350</u>	
		<u>55,902</u>
		1,346,523
Decreased by:		
Account Charges/Tax	68,710	
Depreciation in Fair Value of Investments	2,400	
Distributions	<u>3,300</u>	
		<u>74,410</u>
Balance - December 31, 2018		\$ <u><u>1,272,113</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Cash

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	3,211,667
Increased by Receipts:			
Interfunds	\$	611,992	
Fund Balance		202,445	
Reserve for Payment of Debt		63,038	
Bond Anticipation Notes		21,550,000	
Interest on Investments		<u>91,440</u>	
			<u>22,518,915</u>
			25,730,582
Decreased by Disbursements:			
Improvement Authorizations		17,776,972	
Reserve for Lincoln High School Referendum Expenses		97,251	
Interfunds		<u>80,821</u>	
			<u>17,955,044</u>
Balance - December 31, 2018		\$	<u><u>7,775,538</u></u>

TOWNSHIP OF LYNDHURST

Analysis of Cash

General Capital Fund

Year Ended December 31, 2018

Fund Balance	\$	494,056
Interfund Accounts Receivable		(81,495)
Accounts Receivable - Lincoln High School		(255,000)
Reserve for Recreation Facility Improvements		88,200
Reserve for Municipal Parking Lot Improvements		220,000
Reserve for Lincoln High School Referendum Expenses		157,749
Capital Improvement Fund		242,841
Reserve for Payment of Debt		300,509

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	1,469,232
2742-10	Various Capital Improvements	56,699
2744-10	GPS in DPW Vehicles	1,204
2769-10	Pump Stations/Outfalls	571
2782-10	Equipment for Band/Music Program	2,580
2802-11	Acquisition of Real Property	898
2814-11	Reconstruction of Court Avenue	1,346
2854-12	JCMUA Tax Appeal Refunding	8,177
2858-12	Various Public Improvements	9,763
2868-12	Acquisition of Ambulance	10,963
2916-15	2015 Road Resurfacing Program/Acquisition of Dump Truck	20,879
2941-16	Acquisition of Lincoln School	5,096,851
2962-17	Acquisition of Pumper Fire Truck and New Ladder Fire Truck	109,633
2997-18	Various Capital Improvements	(185,969)
		<u>\$ 7,775,538</u>

TOWNSHIP OF LYNDHURST

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2018

	Due from/(to) Balance Dec. 31, 2017	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, 2018
Current Fund	\$ 338,792	446,135	703,432	81,495
	<u>\$ 338,792</u>	<u>446,135</u>	<u>703,432</u>	<u>81,495</u>

Cash Receipts	\$		611,992
Cash Disbursements		80,821	
Interest on Investments			91,440
Reserve for Payment of Debt		92,114	
Reserve for Recreation Facility Improvements		13,200	
Reserve for Municipal Parking Lot Improvements		110,000	
Capital Improvement Fund		150,000	
	\$	<u>446,135</u>	<u>703,432</u>

TOWNSHIP OF LYNDHURST

Schedule of Accounts Receivable - Board of Education

General Capital Fund

Year Ended December 31, 2018

Increased by:	
Award Amount	\$ <u>255,000</u>
Balance - December 31, 2018	\$ <u><u>255,000</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Funded	Balance Dec. 31, 2018	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
	General Improvements:							
2741-10	Refurbish Pump Stations	\$ 280,000		280,000				
2802-11	Acquisition of Real Property	300,000		300,000				
2814-11	Reconstruction of Court Avenue	175,000		175,000				
2832-12	NJMC Third Party Tax Lien Refunding	9,892,500		1,319,000	8,573,500	8,573,500		
2916-15	2015 Road Resurfacing Program/Acquisition of Dump Truck	1,445,000		145,000	1,300,000	1,300,000		
2936-16	2016 Road Resurfacing Program	2,215,000			2,215,000	2,215,000		27,500,000
2941-16	Acquisition of Lincoln School	47,500,000			47,500,000	20,000,000		
2962-17	Acquisition of Pumper Fire Truck and New Ladder Fire Truck	1,550,000			1,550,000	1,550,000		
2997-18	Various Capital Improvements		4,045,000		4,045,000		185,969	3,859,031
		\$ 63,357,500	4,045,000	2,219,000	65,183,500	33,638,500	185,969	31,359,031
	Budget Appropriations \$		2,219,000					
	Improvement Authorizations - Unfunded							36,586,394
	Less: Unexpended proceeds of Bond Anticipation Notes							
	Ordinance:							
	2916-15	\$					20,879	
	2941-16						5,096,851	
	2962-17						109,633	
								5,227,363
								\$ 31,359,031

TOWNSHIP OF LYNDHURST

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
General Improvement Bonds	March 1, 2005	5,795,000	10/01/19	420,000	3.750%	\$ 845,000	425,000	420,000
General Obligation Bonds, BCIA Series 2005	May 1, 2005	2,900,000	06/01/19	110,000	5.000%	1,965,000	105,000	1,860,000
			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	08/15/19	1,850,000	3.500%	24,550,000	1,750,000	22,800,000
			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%			
						\$ 27,560,000	2,280,000	25,080,000

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

General Capital Fund

Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Trust Share	12/02/10	\$ 1,535,000	08/01/19	70,000	5.00%	\$ 1,071,000	65,000	1,006,000
			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	02/01/19	27,982	*	1,064,334	83,947	980,387
			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	*			
			08/01/23	55,965	*			
			02/01/24	27,982	*			

TOWNSHIP OF LYNDHURST
Schedule of Bond Anticipation Notes Payable
General Capital Fund

Year ended December 31, 2018

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Maturity	Interest Rate	Balance Dec.31 2017	Increased	Decreased	Balance, Dec.31, 2018
2741-10	Various Sewer Improvements	02/18/11		\$	280,000		280,000	
2802-11	Acquisition of Real Property	02/17/12			300,000		300,000	
2814-11	Reconstruction of Court Avenue	02/01/12			175,000		175,000	
2916-15	Road Program/Acquisition of Dump Truck	02/11/16	02/08/19	2.50%	1,445,000	1,300,000	1,445,000	1,300,000
2936-16	2016 Road Resurfacing Program	02/10/17	02/08/19	2.50%	2,215,000	2,215,000	2,215,000	2,215,000
2962-17	Acquisition of Fire Trucks	02/09/18	02/08/19	2.50%	9,892,500	1,550,000	9,892,500	1,550,000
2832-12	NJMC 3rd Party Tax Lien Refunding	03/22/12	03/14/18	2.50%		8,573,500		8,573,500
2941-16	Acquisition of Lincoln School	09/12/18	09/12/19	2.75%		20,000,000		20,000,000
					\$ 14,307,500	33,638,500	14,307,500	33,638,500
						Cash \$ 21,550,000	2,219,000	
						Budget Appropriation Renewed 12,088,500	12,088,500	
						\$ 33,638,500	14,307,500	

TOWNSHIP OF LYNDHURST

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Balance Dec. 31, 2018	
			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	1,462,823	280,000		273,591	1,469,232	
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	13,360			12,789	571	
2782-10	Equipment for Band/Music Program	100,000	2,580				2,580	
2802-11	Acquisition of Real Property	435,000		898			898	
2814-11	Reconstruction of Court Avenue	375,000		118,833		117,487	1,346	
2854-12	JCMUA Tax Appeal Refunding	1,143,000	8,177				8,177	
2858-12	Various Public Improvements	1,249,100	11,720			1,957	9,763	
2868-12	Acquisition of Ambulance	50,000	10,963				10,963	
2916-15	2015 Road Resurfacing Program/Acquisition of Dump Truck	1,540,000		34,219		13,340		20,879
2936-16	2016 Road Resurfacing Program	2,355,000		174,056		174,056		
2941-16	Acquisition of Lincoln School	50,000,000	342,123	47,500,000		15,245,272		32,596,851
2962-17	Acquisition of Pumper Fire Truck and New Ladder Fire Truck	1,650,000	97,144	1,550,000		1,537,511		109,633
2997-18	Various Capital Improvements	4,260,000			4,260,000	400,969		3,859,031
			\$ 2,012,644	49,658,006	4,260,000	17,776,972	1,567,284	36,586,394
			Capital Improvement Fund \$ 215,000					
			Deferred Charges - Unfunded 4,045,000					
			\$ 4,260,000					

Exhibit C-12

TOWNSHIP OF LYNDHURST

Schedule of Reserve for Recreation Facility Improvements

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	75,000
Increased by:		
Budget Appropriation		<u>13,200</u>
Balance - December 31, 2018	\$	<u><u>88,200</u></u>

Exhibit C-13

Schedule of Reserve for Municipal Parking Lot Improvements

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	110,000
Increased by:		
Budget Appropriation		<u>110,000</u>
Balance - December 31, 2018	\$	<u><u>220,000</u></u>

Exhibit C-14

TOWNSHIP OF LYNDHURST

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	307,841
Increased by:		
Budget Appropriation		<u>150,000</u>
		457,841
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>215,000</u>
Balance - December 31, 2018	\$	<u><u>242,841</u></u>

Exhibit C-15

**Schedule of Reserve for Lincoln High School
Referendum Expenses**

General Capital Fund

Year Ended December 31, 2018

Increased by:		
Accounts Receivable	\$	255,000
Decreased by:		
Cash Disbursements		<u>97,251</u>
Balance - December 31, 2018	\$	<u><u>157,749</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	145,357
Increased by:			
Cash Receipts	\$	63,038	
Interfunds		<u>92,114</u>	
			<u>155,152</u>
Balance - December 31, 2018		\$	<u><u>300,509</u></u>

Analysis of Balance

Ord. 2936-16 - Sanford Avenue Impr. - Phase II	\$	193,557
Ord. 2997-18 - Town Hall Park Resurfacing		63,038
Ord. 2916-15 - NJ Avenue Resurfacing		<u>43,914</u>
	\$	<u><u>300,509</u></u>

TOWNSHIP OF LYNDHURST
Schedule of Bonds and Notes Authorized But Not Issued
General Capital Fund
Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
<u>General Improvements:</u>					
2941-16	Acquisition of Lincoln School	\$ 47,500,000		20,000,000	27,500,000
2962-17	Acquisition of Pumper Fire Truck and New Ladder Fire Truck	1,550,000		1,550,000	
2997-18	Various Capital Improvements		<u>4,045,000</u>		<u>4,045,000</u>
		<u>\$ 49,050,000</u>	<u>4,045,000</u>	<u>21,550,000</u>	<u>31,545,000</u>
			Bond Anticipation Notes \$	<u>21,550,000</u>	

TOWNSHIP OF LYNDHURST

Schedule of Cash - Treasurer

Water Utility Fund

Year Ended December 31, 2018

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2017	\$ 2,104,904	\$ 7,134
Increased by Receipts:		
Water Collector	4,309,775	
Miscellaneous Revenue Not Anticipated	19,948	
Overpayments	16,153	
	<u>4,345,876</u>	
	6,450,780	7,134
Decreased by Disbursements:		
2018 Appropriations	3,251,254	
2017 Appropriation Reserves	364,813	
Accrued Interest on Bonds and Loans	263,334	
	<u>3,879,401</u>	
Balance, December 31, 2018	<u>\$ 2,571,379</u>	<u>\$ 7,134</u>

TOWNSHIP OF LYNDHURST

Analysis of Cash

Water Utility Capital Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2018</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
	<u>186</u>
	\$ <u><u>7,134</u></u>

TOWNSHIP OF LYNDHURST

**Schedule of Consumers' Accounts Receivable -
Operating Fund**

Water Utility Operating Fund

Year Ended December 31, 2018

Balance, December 31, 2017		\$	667,193
Increased by:			
2018 Levy	\$	4,102,847	
Adjustment		<u>10,795</u>	
			<u>4,113,642</u>
			4,780,835
Decreased by:			
Cash Receipts		4,059,219	
Overpayments Applied		<u>19,264</u>	
			<u>4,078,483</u>
Balance, December 31, 2018		\$	<u><u>702,352</u></u>

Exhibit D-8

TOWNSHIP OF LYNDHURST

Schedule of Water Utility Liens

Water Utility Operating Fund

Year Ended December 31, 2018

Balance, December 31, 2017	\$ <u> 198</u>
Balance, December 31, 2018	\$ <u><u> 198</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2018

<u>Account</u>	Balance, Dec. 31, <u>2017</u>	Balance, Dec. 31, <u>2018</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 2017 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2018

	Balance, December 31, <u>2017</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 2,977	2,977		2,977
Other Expenses	156,161	169,850	21,652	148,198
Water Purchase	569,170	726,020	337,427	388,593
Group Insurance	35,935	35,935	2,459	33,476
Other Insurance	35,000	35,000		35,000
Audit	10,000	10,000		10,000
Legal Services	20,000	20,000		20,000
	<u>829,243</u>	<u>999,782</u>	<u>361,538</u>	<u>638,244</u>
Total Operating				
Capital Improvements:				
Capital Outlay	14,432	14,432	3,275	11,157
	<u>14,432</u>	<u>14,432</u>	<u>3,275</u>	<u>11,157</u>
Total Capital Improvements				
Statutory Expenditures - Contribution to: Social Security System (O.A.S.I.)	4,559	4,559		4,559
	<u>4,559</u>	<u>4,559</u>		<u>4,559</u>
Total Statutory Expenditures				
	<u>\$ 848,234</u>	<u>1,018,773</u>	<u>364,813</u>	<u>653,960</u>
		Encumbrances \$ 170,539		
		Appropriation Reserves <u>848,234</u>		
		<u>\$ 1,018,773</u>		

TOWNSHIP OF LYNDHURST
Schedule of Encumbrances Payable
Water Utility Operating Fund
Year Ended December 31, 2018

Balance, December 31, 2017	\$	170,539
Increased by:		
Transferred from Current Year Budget		<u>40,916</u>
		211,455
Decreased by:		
Transferred to Appropriation Reserves		<u>170,539</u>
Balance, December 31, 2018	\$	<u><u>40,916</u></u>

Exhibit D-12

TOWNSHIP OF LYNDHURST
Schedule of Water Rent Overpayments
Water Utility Operating Fund
Year Ended December 31, 2018

Balance, December 31, 2017	\$	19,264
Increased by:		
Cash Receipts		<u>16,153</u>
		35,417
Decreased by:		
Applied		<u>19,264</u>
Balance, December 31, 2018	\$	<u><u>16,153</u></u>

Exhibit D-13

Schedule of Tax Sale Premiums
Water Utility Operating Fund
Year Ended December 31, 2018

Balance, December 31, 2017	\$	<u>104,833</u>
Balance, December 31, 2018	\$	<u><u>104,833</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Accrued Interest on Bonds and Loans

Water Utility Fund

Year Ended December 31, 2018

Balance, December 31, 2017	\$ 104,335
Increased by:	
Budget Appropriation	<u>265,603</u>
	369,938
Decreased by:	
Payments	<u>263,334</u>
Balance, December 31, 2018	<u><u>\$ 106,604</u></u>

<u>Analysis of Balance</u>	<u>Principal Outstanding December 31, 2018</u>	<u>Period</u>	<u>Interest Rate</u>	<u>Required Amount</u>
Refunding Bonds	1,260,000	.5 months	Various	2,329
Serial Bonds	2,000,000	4.5 months	Various	26,250
NJEIT Loan	4,090,000	5 months	Various	<u>55,971</u>
				<u><u>\$ 84,550</u></u>

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

Water Utility Capital Fund

Year Ended December 31, 2018

	Original Issue		Maturities of Loans Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
	Date	Amount	Date	Amount				
Trust Share	12/02/10	\$ 4,220,000	08/01/19	245,000	4.00%	\$ 2,978,000	230,000	2,748,000
			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	02/01/19	93,477	*	3,006,315	280,432	2,725,883
			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	*			

TOWNSHIP OF LYNDHURST

Schedule of New Jersey Environmental Infrastructure Trust Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2018

Original Issue Date	Amount	Maturities of Loans Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
		Date	Amount				
		02/01/26	93,477	*			
		08/01/26	186,955	*			
		02/01/27	93,477	*			
		08/01/27	186,955	*			
		02/01/28	93,477	*			
		08/01/28	108,518	*			
					\$ 5,984,315	510,432	5,473,883

Fund Share, (Continued)

* Interest Free

TOWNSHIP OF LYNDHURST
Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement description	Date	Ordinance Amount	Balance, Dec. 31, 2017		Balance, Dec. 31, 2018	
				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>	

TOWNSHIP OF LYNDHURST
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2018

Balance, December 31, 2017	\$	<u>600</u>
Balance, December 31, 2018	\$	<u><u>600</u></u>

Schedule of Reserve for Amortization
Water Utility Capital Fund
Year Ended December 31, 2018

Balance, December 31, 2017	\$	11,793,339
Increased by:		
Payment of Serial Bond Principal	\$	455,000
Payment of NJ Environmental Infrastructure Loan Principal		<u>510,432</u>
		<u>965,432</u>
Balance, December 31, 2018	\$	<u><u>12,758,771</u></u>

TOWNSHIP OF LYNDHURST

Schedule of Cash - Collector-Treasurer

Swimming Pool Utility Fund

Year Ended December 31, 2018

	<u>Operating</u>
Balance - December 31, 2017	\$ 161,921
Increased by Receipts:	
Rents	157,933
Shared Service Agreement - BOE	60,000
Concession Fees	32,926
Miscellaneous	<u>1,595</u>
	<u>252,454</u>
	414,375
Decreased by Disbursements:	
2018 Appropriations	279,163
Appropriation Reserve	<u>4,425</u>
	<u>283,588</u>
Balance - December 31, 2018	\$ <u><u>130,787</u></u>

TOWNSHIP OF LYNDHURST

Schedule of 2017 Reserves - Operating Fund

Swimming Pool Utility Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages	\$ 643	643		643
Other Expenses	247	1,200	995	205
Concession Stand - Other Expenses	1	1		1
Utility Expenses	<u>3,430</u>	<u>3,430</u>	<u>3,430</u>	<u> </u>
 Total Operating	 <u>4,321</u>	 <u>5,274</u>	 <u>4,425</u>	 <u>849</u>
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	<u>52</u>	<u>52</u>	<u> </u>	<u>52</u>
 Total Deferred Charges and Statutory Expenditures	 <u>52</u>	 <u>52</u>	 <u> </u>	 <u>52</u>
	<u>\$ 4,373</u>	<u>5,326</u>	<u>4,425</u>	<u>901</u>
 Appropriation Reserves	 \$	 4,373		
Encumbrances		<u>953</u>		
		<u>\$ 5,326</u>		

Exhibit E-6

TOWNSHIP OF LYNDHURST

Schedule of Deferred Charges

Swimming Pool Utility - Operating Fund

Year Ended December 31, 2018

	Balance Dec. 31, <u>2017</u>	Balance Dec. 31, <u>2018</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, 2018

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
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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, 2018 and the related notes to the financial statements, and have issued our report thereon dated June 24, 2019, 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.

Honorable Mayor and
Members of the Township Council
Page 2.

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

June 24, 2019

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:

- Improvements to Livingston Avenue
- Auto Repair Services, Cars, Trucks, Light Trucks including Police Vehicles
- 2018 Roadway Improvements Program
- Construction of new Junior High School

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 21, 2018 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>
2018	10
2017	10
2016	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.

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**TOWNSHIP OF LYNDHURST
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018**

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. *The listing of Current Fund Municipal Liens maintained in the Edmunds tax system does not include all outstanding certificates.
3. *Prior year interfund balances were not liquidated prior to the close of the current fiscal year.
4. *The amount reported as Water Utility Municipal Liens does not agree to the subsidiary ledger.
5. *The amount reported as Water Utility Tax Sale Premiums does not agree to the analysis prepared.
6. * The amount recorded as Reserve for DEA/Equitable Sharing does not agree to the annual Equitable Sharing Agreement and Certification.
7. The fixed asset report does not include all eligible items purchased in the year under review.

PAYROLL

1. There were instances in which new hires were not enrolled in the State pension system within a timely manner.

PURCHASING

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

MUNICIPAL COURT

1. *Disbursement checks from the Municipal Court General and Bail accounts only require one authorizing signature.
2. There were 280 tickets assigned over 180 days on the December Monthly Management Report.
3. There are old outstanding checks being included as reconciling items on the General and Bail Account bank reconciliations.

**TOWNSHIP OF LYNDHURST
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018
(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 the Edmunds tax system be updated to ensure all municipal liens are included.
3. *That all interfund balances be liquidated prior to the close of the year.
4. *That the balance of Municipal Liens reported in the Water Utility be investigated and cancelled if necessary.
5. *That the balance of Tax Sale Premiums reported in the Water Utility be investigated and cancelled if necessary.
6. *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.
7. That more care be taken to ensure all eligible purchases are included in the fixed asset report.

PAYROLL

1. That all eligible employees be enrolled in the State pension system in a timely manner.

PURCHASING

1. *That an encumbrance be made prior to goods and/or services being ordered in accordance with Technical Accounting Directive #1.
2. That more care be taken to ensure all items are charged to the correct budget year.

MUNICIPAL COURT

1. *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.
2. That all tickets assigned over 180 days be recalled and re-issued by the court.
3. That outstanding checks that are considered stale dated be cancelled by resolution and turned over to the Township.

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. Wielkotz
Registered Municipal Accountant
No. CR00413



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

June 24, 2019