

REPORT OF AUDIT
BOROUGH OF LINCOLN PARK
COUNTY OF MORRIS
DECEMBER 31, 2017

BOROUGH OF LINCOLN PARK, N.J.

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BOROUGH OF LINCOLN PARK

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Lincoln Park
Lincoln Park, New Jersey 07035

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Lincoln Park in the County of Morris, as of December 31, 2017 and 2016, 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, 2017, and the related notes to the financial statements, which collectively comprise the Borough'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Borough Council
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Lincoln Park 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 Borough of Lincoln Park as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,211,550.88 and \$1,224,422.79 for 2017 and 2016, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2017 and 2016, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Lincoln Park's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2018 on our consideration of the Borough of Lincoln Park'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

The Honorable Mayor and
Members of the Borough Council
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over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Lincoln Park's internal control over financial reporting and compliance.

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

April 20, 2018

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Current Fund:			
Cash	A-4	8,903,570.09	6,794,137.21
Change Fund	A-5	1,050.00	1,050.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	<u>7,397.27</u>	<u>11,309.61</u>
		<u>8,912,017.36</u>	<u>6,806,496.82</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	373,076.97	398,950.97
Tax Title Liens	A-9	90,608.24	70,437.22
Property Acquired for Taxes -			
Assessed Valuation	A-10	835,965.00	835,965.00
Revenue Accounts Receivable	A-11	9,052.90	13,327.79
Sewer Rents Receivable	A-12	253,867.66	190,605.78
Sewer Liens	A-13	832.15	
Due from:			
General Capital Fund	A-14	71.47	
Other Trust Fund	A-14	67,220.86	58,050.91
Water Operating Fund	A-14	7,348.28	23,729.17
Animal Control Trust Fund	A-14	14,941.37	13,261.61
Payroll Fund	A-14	337.19	
Public Assistance Trust Fund	A-14	56.45	2.00
Library Payroll Reimbursement	A-14	<u>32,948.07</u>	<u>21,258.20</u>
		<u>1,686,326.61</u>	<u>1,625,588.65</u>
		<u>10,598,343.97</u>	<u>8,432,085.47</u>
Federal and State Grant Fund:			
Cash	A-4	180,225.56	57,812.86
Grants Receivable	A-22	640,701.00	728,052.00
Interfund - Current Fund	A-25	2,656.11	6,357.77
Interfund Other Trust Fund	A-26	<u>1,126.01</u>	<u>1,126.01</u>
		<u>823,582.67</u>	<u>793,348.64</u>
		<u>11,421,926.64</u>	<u>9,225,434.11</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-15	1,129,131.88	1,282,071.23
Due to:			
Open Space Trust	A-14	152.49	
Federal and State Grant Fund	A-14	2,656.11	6,357.77
Payroll Fund	A-14		194.52
General Capital Fund	A-14		26.86
Encumbrances Payable	A-16	429,172.96	402,841.47
Accounts Payable	A-17	99,040.37	885.99
Prepaid Taxes	A-18	1,277,306.24	270,251.01
County Tax Payable	A-20		1,597.78
Tax Overpayments	A-21		750.00
Sewer Rent Overpayments	A-21	5,423.97	6,487.60
Due to State of New Jersey:			
Construction Code Surcharge	A-21	2,030.00	4,957.00
Marriage License Surcharge	A-21	550.00	275.00
Reserve for:			
Sale of Borough Property	A-21	176,631.37	176,631.37
Revaluation	A-21	17,149.81	17,149.81
Storm Related Costs	A-21	422,464.58	425,369.02
Flood Buy Outs	A-21	294.34	4,394.34
		<u>3,562,004.12</u>	<u>2,600,240.77</u>
Reserve for Receivables	Contra	1,686,326.61	1,625,588.65
Fund Balance	A-1	<u>5,350,013.24</u>	<u>4,206,256.05</u>
		<u>10,598,343.97</u>	<u>8,432,085.47</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	807,261.38	763,281.39
Unappropriated Reserve for Grants	A-24	<u>16,321.29</u>	<u>30,067.25</u>
		<u>823,582.67</u>	<u>793,348.64</u>
		<u>11,421,926.64</u>	<u>9,225,434.11</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	927,500.00	927,500.00
Miscellaneous Revenue Anticipated	A-2	4,288,591.75	4,544,025.74
Receipts from Delinquent Taxes	A-2	395,887.31	357,738.08
Receipts from Current Taxes	A-2	35,138,552.50	34,666,119.14
Non-Budget Revenue	A-2	248,261.64	133,387.20
Other Credits to Income:			
Statutory Excess in Animal Control Trust	A-14	14,941.37	13,126.55
Interfunds Returned	A-14	116,301.89	265,045.12
Canceled Grant Reserves	A-14	29,578.38	15,928.89
Unexpended Balance of Appropriation Reserves	A-15	913,972.32	493,876.18
Canceled Accounts Payable			10,179.18
		<u>42,073,587.16</u>	<u>41,426,926.08</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,679,509.00	5,412,295.18
Other Expenses	A-3	8,189,100.91	8,220,767.31
Capital Improvement Fund	A-3	325,000.00	375,000.00
Municipal Debt Service	A-3	2,218,379.26	2,146,988.32
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,370,095.00	1,571,645.00
Refund of Prior Year's Revenue	A-4	30,321.43	43,149.47
Interfund Advances	A-14	122,923.69	116,301.89
Canceled Grants Receivable	A-14	29,578.38	22,093.59
Municipal Open Space	A-14	135,457.26	135,556.67
Local District School Tax	A-19	18,366,005.00	18,274,004.00
County Taxes including Added Taxes	A-20	3,535,960.04	3,392,931.27
		<u>40,002,329.97</u>	<u>39,710,732.70</u>
Total Expenditures			

Borough of Lincoln Park, N.J.

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Excess (Deficit) Revenue Over Expenditures		2,071,257.19	1,716,193.38
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		2,071,257.19	1,716,193.38
Fund Balance, January 1,	A	<u>4,206,256.05</u>	<u>3,417,562.67</u>
		6,277,513.24	5,133,756.05
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>927,500.00</u>	<u>927,500.00</u>
Fund Balance, December 31,	A	<u><u>5,350,013.24</u></u>	<u><u>4,206,256.05</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	<u>927,500.00</u>	<u>927,500.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	17,500.00	17,600.00	100.00
Other	A-2	6,000.00	7,984.00	1,984.00
Fees and Permits	A-2	40,000.00	56,116.00	16,116.00
Fines and Costs:				
Municipal Court	A-11	115,000.00	124,299.63	9,299.63
Interest and Costs on Taxes	A-4	65,000.00	103,537.80	38,537.80
Interest on Investments and Deposits	A-11	20,000.00	80,848.84	60,848.84
Sewer Rents	A-12	2,100,000.00	2,567,294.86	467,294.86
Recreation Fees	A-11	130,000.00	124,623.52	(5,376.48)
Energy Receipts Tax	A-11	817,254.00	817,254.00	
Consolidated Municipal Property Tax Relief Aid	A-11	62,897.00	62,897.00	
Garden State Trust Pilot Funds	A-11	28,287.00	28,287.00	
Uniform Construction Code Fees	A-11	110,000.00	130,313.36	20,313.36
Public and Private Revenues:				
Drunk Driving Enforcement Fund	A-22	4,316.94	4,316.94	
Body Armor Grant	A-22	2,344.57	2,344.57	
Clean Communities	A-22	48,592.32	48,592.32	
Alcohol Education and Rehab Grant	A-22	3,251.87	3,251.87	
Recycling Tonnage Grant	A-22	19,183.21	19,183.21	
Distracted Driving	A-22	4,620.00	4,620.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-22	21,298.00	21,298.00	
Other Special Items:				
Uniform Fire Safety Act	A-11	10,499.39	10,744.83	245.44
Cable Television Franchise Fees	A-11	<u>53,184.00</u>	<u>53,184.00</u>	
Total Miscellaneous Revenues	A-1	3,679,228.30	4,288,591.75	609,363.45
Receipts from Delinquent Taxes	A-1/A-2	<u>350,000.00</u>	<u>395,887.31</u>	<u>45,887.31</u>
Subtotal General Revenues		<u>4,956,728.30</u>	<u>5,611,979.06</u>	<u>655,250.76</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>13,476,851.91</u>	<u>13,752,625.50</u>	<u>275,773.59</u>
Budget Totals		18,433,580.21	19,364,604.56	931,024.35
Non-Budget Revenue	A-1/A-2		<u>248,261.64</u>	<u>248,261.64</u>
		<u>18,433,580.21</u>	<u>19,612,866.20</u>	<u>1,179,285.99</u>
Adopted Budget	A-3	18,389,872.76		
Appropriated by (N.J.S. 40A:4-87)	A-3	<u>43,707.45</u>		
		<u>18,433,580.21</u>		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2017

Analysis of Realized Revenues

	<u>Ref.</u>		
Revenue from Collections	A-1/A-8		35,138,552.50
Allocated to School and County Taxes	A-8		<u>22,037,422.30</u>
Balance for Support of Municipal Budget Appropriations			13,101,130.20
Add : Appropriation - Reserve for Uncollected Taxes	A-3		<u>651,495.30</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>13,752,625.50</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes	A-8	392,422.79	
Tax Title Liens	A-9	<u>3,464.52</u>	
	A-2		<u><u>395,887.31</u></u>
Licenses - Other:			
Clerk	A-11	240.00	
Registrar	A-11	219.00	
Board of Health	A-11	<u>7,525.00</u>	
	A-2		<u><u>7,984.00</u></u>
Fees and Permits - Other:			
Clerk	A-11	19,075.00	
Board of Health	A-11	4,975.00	
Police	A-11	5,974.00	
Fire Prevention	A-11	15,287.00	
Registrar	A-11	<u>10,805.00</u>	
	A-2		<u><u>56,116.00</u></u>

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Cell Tower Lease	A-11		38,563.20
Treasurer:			
Return Check Fee		625.00	
Rental of Borough Property		1,900.00	
Tax Miscellaneous		263.75	
Interest on Sewer Rents		15,951.39	
Senior Citizens & Veterans Administration Fee		1,800.27	
Canceled Tax Sale Premiums		28,400.00	
Postage		139.95	
L.O.S.A.P. Forfeitures		6,407.86	
Administrative Fees		84,357.75	
Sale of Assets		13,888.16	
Void Checks		18,400.44	
Miscellaneous		29,260.87	
State DMV		<u>8,303.00</u>	
	A-4		<u>209,698.44</u>
	A-2		<u><u>248,261.64</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages		239,606.00	216,606.00	204,688.93	11,917.07	
Other Expenses		87,490.00	87,490.00	84,543.39	2,946.61	
Clerk						
Salaries and Wages		132,267.00	132,267.00	131,267.12	999.88	
Other Expenses		32,695.00	32,695.00	30,759.43	1,935.57	
Financial Administration						
Salaries and Wages		163,527.00	163,527.00	162,736.78	790.22	
Other Expenses		33,230.00	33,230.00	30,747.88	2,482.12	
Audit Services						
Other Expenses		26,000.00	26,000.00	17,037.50	8,962.50	
Collection of Taxes						
Salaries and Wages		78,602.00	78,602.00	77,602.00	1,000.00	
Other Expenses		5,622.00	5,622.00	3,502.79	2,119.21	
Assessment of Taxes						
Other Expenses		62,572.00	62,572.00	61,425.26	1,146.74	
Legal Services and Costs						
Other Expenses		200,000.00	200,000.00	146,577.32	53,422.68	
Engineering Services and Costs						
Other Expenses		58,450.00	58,450.00	57,641.65	808.35	
Planning Board						
Salaries and Wages		7,000.00	7,000.00	6,999.98	0.02	
Other Expenses		66,760.00	66,760.00	53,149.26	13,610.74	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Planning Department						
Salaries and Wages		76,724.00	82,724.00	82,126.19	597.81	
Other Expenses		6,635.00	6,635.00	1,648.58	4,986.42	
Board of Adjustment						
Salaries and Wages		6,500.00	6,500.00	6,500.00		
Other Expenses		13,980.00	13,980.00	13,820.28	159.72	
Fair Housing Committee						
Other Expenses		300.00	300.00	27.93	272.07	
Insurance:						
Other Insurance Premiums		435,000.00	435,000.00	417,818.24	17,181.76	
Group Insurance Plan for Employees		1,680,000.00	1,680,000.00	1,384,492.45	295,507.55	
Health Benefit Waiver		60,000.00	60,000.00	58,261.66	1,738.34	
Police						
Salaries and Wages		3,195,787.00	3,195,787.00	3,153,406.96	42,380.04	
Other Expenses		289,330.00	289,330.00	273,020.64	16,309.36	
Police Radio and Communications						
Other Expenses		80,000.00	80,000.00	56,877.40	23,122.60	
Emergency Management Services						
Other Expenses		24,120.00	24,120.00	3,264.21	20,855.79	
First Aid Squad Contribution		40,750.00	40,750.00	40,750.00		
Fire						
Other Expenses		137,665.00	137,665.00	134,205.21	3,459.79	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		13,375.00	13,375.00	13,105.47	269.53	
Other Expenses		5,000.00	5,000.00	2,276.00	2,724.00	
Municipal Court:						
Salaries and Wages		157,491.00	157,491.00	145,417.77	12,073.23	
Other Expenses		12,555.00	12,555.00	7,776.43	4,778.57	
Road Repairs and Maintenance						
Salaries and Wages		947,080.00	957,080.00	954,680.65	2,399.35	
Other Expenses		232,233.00	232,233.00	133,032.13	99,200.87	
Sewer System						
Other Expenses		33,858.00	33,858.00	33,857.99	0.01	
Garbage and Trash Removal						
Salaries and Wages		59,044.00	59,044.00	59,044.00		
Other Expenses		808,302.00	808,302.00	679,358.54	128,943.46	
Public Buildings and Grounds						
Other Expenses		428,588.00	428,588.00	331,103.31	97,484.69	
Condominium Reimbursement		30,000.00	30,000.00	20,461.37	9,538.63	
Board of Health						
Salaries and Wages		172,347.00	172,347.00	164,383.86	7,963.14	
Other Expenses		46,806.00	46,806.00	43,936.39	2,869.61	
Dog Regulation						
Other Expenses		30,000.00	30,000.00	26,690.92	3,309.08	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Administration of Public Assistance						
Other Expenses		1,000.00	1,000.00	1,000.00		
Senior Citizens Transportation						
Other Expenses		91,319.00	91,319.00	91,319.00		
Parks and Playgrounds						
Salaries and Wages		222,506.00	222,506.00	198,665.41	23,840.59	
Other Expenses		123,045.00	120,382.75	115,100.10	5,282.65	
Municipal Lake						
Salaries and Wages		63,475.00	63,475.00	48,304.82	15,170.18	
Other Expenses		35,300.00	35,300.00	35,300.00		
Building Inspector						
Salaries and Wages		144,178.00	151,178.00	150,037.98	1,140.02	
Other Expenses		5,760.00	5,760.00	5,309.26	450.74	
Plumbing Inspector						
Other Expenses		600.00	600.00		600.00	
Electric Inspector						
Other Expenses		600.00	600.00	99.00	501.00	
Celebration of Public Events						
Other Expenses		11,500.00	11,500.00	6,000.00	5,500.00	
Aid to Museum		1,600.00	1,600.00	1,600.00		
Street Lighting		80,000.00	80,000.00	64,635.82	15,364.18	
Street Signs		3,000.00	3,000.00	2,705.27	294.73	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Gasoline		150,000.00	150,000.00	95,022.45	54,977.55	
Contingent		1,000.00	1,000.00		1,000.00	
Total Operations within "CAPS"		11,152,174.00	11,149,511.75	10,125,122.98	1,024,388.77	
Detail:						
Salaries and Wages	A-1	5,679,509.00	5,679,509.00	5,558,967.92	120,541.08	
Other Expenses	A-1	5,472,665.00	5,470,002.75	4,566,155.06	903,847.69	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		310,957.00	310,957.00	310,957.00		
Social Security System (O.A.S.I.)		418,514.00	418,514.00	411,125.87	7,388.13	
Police and Firemen's Retirement System of N.J.		583,488.00	583,488.00	583,488.00		
Defined Contribution Retirement Plan		5,000.00	5,000.00	3,150.56	1,849.44	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,317,959.00	1,317,959.00	1,308,721.43	9,237.57	
Total General Appropriations for Municipal Purposes within "CAPS"		12,470,133.00	12,467,470.75	11,433,844.41	1,033,626.34	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - Excluded from "CAPS"		454,186.00	454,186.00	454,185.79	0.21	
Maintenance of Free Public Library						
Pequannock, Lincoln Park, and Fairfield Regional Sewerage Authority Share of Costs		1,990,980.00	1,990,980.00	1,990,980.00		
Emergency Services Volunteer Length of Service Award Program		92,000.00	92,000.00		92,000.00	
Recycling Tax		13,000.00	13,000.00	9,494.67	3,505.33	
Reserve for Tax Appeals		60,000.00	60,000.00	60,000.00		
Public and Private Programs Offset by Revenues						
Body Armor Grant		2,344.57	2,344.57	2,344.57		
Clean Communities		48,592.32	48,592.32	48,592.32		
Alcohol Education and Rehab Grant		3,251.87	3,251.87	3,251.87		
Recycling Tonnage Grant		19,183.21	19,183.21	19,183.21		
Drunk Driving Enforcement Fund		4,316.94	4,316.94	4,316.94		
Distracted Driving Statewide Crackdown		4,620.00	4,620.00	4,620.00		
Municipal Alliance on Alcoholism and Drug Abuse		21,298.00	21,298.00	21,298.00		
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		2,663.00	5,325.25	5,325.25		
Total Operations - Excluded from "CAPS"		<u>2,716,435.91</u>	<u>2,719,098.16</u>	<u>2,623,592.62</u>	<u>95,505.54</u>	
Detail:						
Other Expenses	A-1	2,716,435.91	2,719,098.16	2,623,592.62	95,505.54	
Capital Improvements:						
Capital Improvement Fund		325,000.00	325,000.00	325,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>325,000.00</u>	<u>325,000.00</u>	<u>325,000.00</u>		

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Municipal Debt Service:						
Payment of Bond Principal		1,360,000.00	1,360,000.00	1,360,000.00		
Interest on Bonds		118,807.00	118,807.00	118,806.26		0.74
Morris County Improvement Authority						
Loan Repayments for Principal and Interest		739,573.00	739,573.00	739,573.00		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	2,218,380.00	2,218,380.00	2,218,379.26		0.74
Deferred Charges:						
Deferred Charges to Future Taxation:						
Ord #1450 Various Improvements		50,000.00	50,000.00	50,000.00		
Ord #1508 Various Improvements		2,136.00	2,136.00	2,136.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	52,136.00	52,136.00	52,136.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		5,311,951.91	5,314,614.16	5,219,107.88	95,505.54	0.74

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Subtotal General Appropriations		17,782,084.91	17,782,084.91	16,652,952.29	1,129,131.88	0.74
Reserve for Uncollected Taxes		<u>651,495.30</u>	<u>651,495.30</u>	<u>651,495.30</u>		
Total General Appropriations		<u>18,433,580.21</u>	<u>18,433,580.21</u>	<u>17,304,447.59</u>	<u>1,129,131.88</u>	<u>0.74</u>
	Adopted Budget		18,389,872.76		A	
	Appropriated by (N.J.S.A. 40A:4-87)		<u>43,707.45</u>			
			<u>18,433,580.21</u>			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			651,495.30		
Cash Disbursed	A-4			16,054,847.17		
Encumbrances Payable	A-16			429,172.96		
Reserve for Tax Appeals	A-21			60,000.00		
Reserve for Federal and State Grants	A-23			103,606.91		
Matching Funds for Federal and State Grants	A-4,A-23			5,325.25		
				<u>17,304,447.59</u>		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Animal Control Trust:			
Cash - Treasurer	B-1	<u>45,559.77</u>	<u>41,132.81</u>
		<u>45,559.77</u>	<u>41,132.81</u>
Other Trust Funds:			
Cash - Treasurer	B-1	2,020,844.13	1,892,322.79
Interfund - Current - Open Space Trust	B-2	<u>152.49</u>	<u> </u>
		<u>2,020,996.62</u>	<u>1,892,322.79</u>
Payroll Fund:			
Cash	B-1	52,715.14	49,572.59
Interfund - Current Fund	B-2	<u> </u>	<u>194.52</u>
		<u>52,715.14</u>	<u>49,767.11</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash in Plan	B-1	1,152,900.88	1,156,422.79
Contributions Receivable	B-10	<u>58,650.00</u>	<u>68,000.00</u>
		<u>1,211,550.88</u>	<u>1,224,422.79</u>
		<u><u>3,330,822.41</u></u>	<u><u>3,207,645.50</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statement

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust:			
Interfund - Current Fund	B-2	14,941.37	13,261.61
Reserve for Dog Fund Expenditures	B-4	30,616.40	27,871.20
Due to State Department of Health	B-5	2.00	
		<u>45,559.77</u>	<u>41,132.81</u>
Other Trust Fund:			
Interfund - Current Fund	B-2	67,220.86	58,050.91
Interfund - Grant Fund	B-3		1,126.01
Various Reserves	B-6	1,199,667.07	1,175,405.69
Open Space	B-7	754,108.69	657,740.18
		<u>2,020,996.62</u>	<u>1,892,322.79</u>
Payroll Fund:			
Interfund - Current Fund	B-2	337.19	
Payroll Deductions Payable	B-8	52,377.95	49,767.11
		<u>52,715.14</u>	<u>49,767.11</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-11	1,211,550.88	1,224,422.79
		<u>1,211,550.88</u>	<u>1,224,422.79</u>
		<u>3,330,822.41</u>	<u>3,207,645.50</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statement

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	C-2/C-3	2,098,799.40	2,384,249.21
Deferred Charges to Future Taxation:			
Funded	C-4	20,714,250.00	22,074,250.00
Deferred Charges to Future Taxation:			
Unfunded	C-5	1,975,323.00	1,174,459.00
Interfund - Water Capital	C-10	463.15	
Interfund - Current Fund	C-10		26.86
		<u>24,788,835.55</u>	<u>25,632,985.07</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	3,675,000.00	4,245,000.00
Loan Program Bonds	C-7	17,039,250.00	17,829,250.00
Improvement Authorizations:			
Funded	C-8	1,053,120.40	1,356,896.29
Unfunded	C-8	1,736,030.90	995,946.00
Capital Improvement Fund	C-9	736,016.00	656,546.00
Interfund - Current Fund	C-10	71.47	
Reserve for:			
Debt Service	C-11	23,145.24	23,145.24
Fund Balance	C-1	526,201.54	526,201.54
		<u>24,788,835.55</u>	<u>25,632,985.07</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2017 of \$1,975,323.00 as shown on Exhibit C-12.

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance - January 1,	C	<u>526,201.54</u>	<u>526,201.54</u>
Balance - December 31,	C,C-3	<u>526,201.54</u>	<u>526,201.54</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	673,245.84	1,101,590.45
Change Fund	D-6	250.00	250.00
Grants Receivable	D-9	16,000.00	210,000.00
		<u>689,495.84</u>	<u>1,311,840.45</u>
Receivables and Other Assets with Full Reserves:			
Consumers Account Receivable	D-8	283,244.44	219,238.94
Prepaid Expenses	D-10		6,268.75
		<u>283,244.44</u>	<u>225,507.69</u>
Total Operating Fund		<u>972,740.28</u>	<u>1,537,348.14</u>
Capital Fund:			
Cash	D-5, D-7	482,867.74	450,693.94
Fixed Capital	D-11	5,102,961.40	5,047,961.40
Fixed Capital Authorized and Uncompleted	D-12	1,054,235.00	1,109,235.00
Interfund - Water Operating Fund	D-13	416.86	32,925.95
Total Capital Fund		<u>6,640,481.00</u>	<u>6,640,816.29</u>
Total Assets		<u><u>7,613,221.28</u></u>	<u><u>8,178,164.43</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4, D-14	168,242.82	291,206.14
Encumbrances Payable	D-15	130,699.03	138,951.57
Accounts Payable	D-16	14,058.05	
Water Rent Overpayments	D-17	1,872.26	7,582.98
Interfund - Water Capital	D-18	416.86	32,925.95
Interfund - Current Fund	D-18	7,348.28	23,729.17
Accrued Interest on Bonds	D-19	11,275.93	11,275.19
Grant Reserves	D-20		210,000.00
		<u>333,913.23</u>	<u>715,671.00</u>
Reserve for Receivables	Contra	283,244.44	225,507.69
Fund Balance	D-1	<u>355,582.61</u>	<u>596,169.45</u>
Total Operating Fund		<u>972,740.28</u>	<u>1,537,348.14</u>
Capital Fund:			
Interfund - General Capital Fund	D-13	463.15	
Serial Bonds Payable	D-21	1,665,000.00	1,760,000.00
Loan Program Bonds Payable	D-22	250,750.00	300,750.00
Improvement Authorizations:			
Funded	D-23	200,989.18	270,885.62
Unfunded	D-23	80.00	80.00
Reserve for Pump Station Repairs	D-24	25,774.40	31,676.40
Capital Improvement Fund	D-25	214,709.29	139,709.29
Reserve for Amortization	D-26	4,103,826.40	3,953,326.40
Reserve for Deferred Amortization	D-27	136,790.00	142,290.00
Fund Balance	D-2	<u>42,098.58</u>	<u>42,098.58</u>
Total Capital Fund		<u>6,640,481.00</u>	<u>6,640,816.29</u>
Total Liabilities, Reserves and Fund Balances		<u>7,613,221.28</u>	<u>8,178,164.43</u>

The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

Footnote: There were \$830.00 of Bonds and Notes Authorized But Not Issued on December 31, 2017 per Exhibit D-28

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Lincoln Park, N.J.

Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2017

With comparative figures for 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	307,145.00	305,990.00
Rents	D-3	2,105,351.45	2,210,787.69
Fire Hydrant Service	D-3	4,864.28	5,696.79
Miscellaneous	D-3	96,834.65	93,541.17
HMPG Aqueduct Pump Grant			50,000.00
CDBG Water Main Grant			160,000.00
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-14	141,674.68	146,655.16
Prepaid Expenses	D-10	<u>6,268.75</u>	<u> </u>
Total Income		<u>2,662,138.81</u>	<u>2,972,670.81</u>
Expenditures:			
Operating	D-4	2,255,602.00	2,277,260.13
Capital Improvements	D-4	75,000.00	260,000.00
Debt Service	D-4	192,789.00	202,825.00
Deferred Charges and			
Statutory Expenditures	D-4	70,754.00	75,905.00
Refund of Prior Year Revenue	D-5	1,435.65	1,052.59
Prepaid Expenses			<u>6,268.75</u>
Total Expenditures		<u>2,595,580.65</u>	<u>2,823,311.47</u>
Excess/(Deficit) in Revenue over Expenditures		66,558.16	149,359.34
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years		<u> </u>	<u> </u>
Statutory Excess to Surplus		66,558.16	149,359.34
Fund Balance - January 1,	D	<u>596,169.45</u>	<u>752,800.11</u>
		662,727.61	902,159.45
Decreased by:			
Utilized as Anticipated Revenue		<u>307,145.00</u>	<u>305,990.00</u>
Fund Balance - December 31,	D	<u><u>355,582.61</u></u>	<u><u>596,169.45</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Lincoln Park, N.J.

Statement of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	<u>42,098.58</u>
Balance - December 31, 2017	D/D-7	<u>42,098.58</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Lincoln Park, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	307,145.00	307,145.00	
Rents	D-8	2,202,000.00	2,105,351.45	(96,648.55)
Fire Hydrant Service	D-8	5,000.00	4,864.28	(135.72)
Miscellaneous	D-1	<u>80,000.00</u>	<u>96,834.65</u>	<u>16,834.65</u>
 Budget Totals	 D-4	 <u>2,594,145.00</u>	 <u>2,514,195.38</u>	 <u>(79,949.62)</u>
 <u>Analysis Realized Revenues</u>				
Miscellaneous:				
Interest on Investments	D-5		15,629.26	
Sprinkler Use	D-8		56,237.44	
Other Miscellaneous	D-5		11,769.30	
Late Payment Penalties	D-5		<u>13,198.65</u>	
			 <u>96,834.65</u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2017

	Ref.	Appropriated		Expended	
		Budget	Budget After Modification	Paid or Charged	Reserved
Operating:					
Salaries and Wages		424,643.00	444,643.00	442,215.17	2,427.83
Other Expenses		1,830,959.00	1,810,959.00	1,654,624.90	156,334.10
Total Operating	D-1	<u>2,255,602.00</u>	<u>2,255,602.00</u>	<u>2,096,840.07</u>	<u>158,761.93</u>
Capital Improvements:					
Capital Improvement Fund		75,000.00	75,000.00	75,000.00	
Total Capital Improvements	D-1	<u>75,000.00</u>	<u>75,000.00</u>	<u>75,000.00</u>	
Debt Service:					
Payment of Bond Principal		145,000.00	145,000.00	145,000.00	
Interest on Bonds		47,789.00	47,789.00	47,789.00	
Total Debt Service	D-1	<u>192,789.00</u>	<u>192,789.00</u>	<u>192,789.00</u>	
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		30,754.00	30,754.00	30,754.00	
Social Security System (O.A.S.I.)		40,000.00	40,000.00	30,519.11	9,480.89
Total Deferred Charges and Statutory Expenditure	D-1	<u>70,754.00</u>	<u>70,754.00</u>	<u>61,273.11</u>	<u>9,480.89</u>
		<u>2,594,145.00</u>	<u>2,594,145.00</u>	<u>2,425,902.18</u>	<u>168,242.82</u>
			D-3		D
			Ref.		
		Cash Disbursed	D-5	2,241,145.40	
		Prepaid Expenses	D-10	6,268.75	
		Encumbrances Payable	D-15	130,699.03	
		Accrued Interest on Bonds	D-19	47,789.00	
				<u>2,425,902.18</u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Lincoln Park, N.J.

Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2017

With Comparative Figures for 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	<u>6,897.08</u>	<u>6,842.63</u>
		<u>6,897.08</u>	<u>6,842.63</u>
 <u>Liabilities</u>			
Interfund - Current Fund		56.45	2.00
Reserve for Public Assistance		<u>6,840.63</u>	<u>6,840.63</u>
		<u>6,897.08</u>	<u>6,842.63</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Exhibit G

Borough of Lincoln Park, N.J.

Statement of General Fixed Assets - Regulatory Basis

December 31, 2017

With Comparative Figures for 2016

	<u>2017</u>	<u>2016</u>
<u>General Fixed Assets:</u>		
Land	6,269,879.00	5,269,700.00
Buildings	23,256,919.65	23,256,919.65
Improvements Other Than Buildings	880,579.63	880,579.63
Machinery and Equipment	<u>6,598,207.95</u>	<u>6,322,737.73</u>
	<u>37,005,586.23</u>	<u>35,729,937.01</u>
 Investment in Fixed Assets	 <u>37,005,586.23</u>	 <u>35,729,937.01</u>

See accompanying notes to financial statements.

BOROUGH OF LINCOLN PARK, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Borough of Lincoln Park 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 Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Lincoln Park (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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 Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Squad 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.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

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

The Borough 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 Borough 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 Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

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 Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective January 1, 2001, the Borough transferred administration of the General Assistance Program to the Morris County Board of Social Services. The funds remaining in the Public Assistance Fund are to be used to assist certain residents who do not qualify for the general assistance program.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

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

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Lincoln Park. 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 Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the 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 Borough. 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.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Basis of Accounting, (continued)

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

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 Borough's Current Fund and Water Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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 Borough'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 and water operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

- General Capital Fund
- Trust Fund
- Public Assistance Fund
- Water 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. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Basis of Accounting, (continued)

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

line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. Several budget transfers were approved by the Governing Body. During 2017, the Borough Council increased the original Current Fund budget by \$43,707.45. The increase was funded by additional aid allotted the Borough.

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.

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.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Basis of Accounting, (continued)

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

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 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 Borough 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 Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of Lincoln Park 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.

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Basis of Accounting, (continued)

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

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

Recent Accounting Pronouncements

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Basis of Accounting, (continued)

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

Recent Accounting Pronouncements, (continued)

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

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

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Basis of Accounting, (continued)

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

Recent Accounting Pronouncements, (continued)

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

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

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

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Basis of Accounting, (continued)

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

Recent Accounting Pronouncements, (continued)

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

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

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

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Basis of Accounting, (continued)

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 Borough 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. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2017 and 2016, \$-0- of the Borough's bank balance of \$14,119,510.74 and \$12,865,369.90, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough 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) limit 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.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 14, the Borough 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 Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2017 and 2016 amounted to \$1,152,900.88 and \$1,156,422.79, respectively.

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

	<u>2017</u>	<u>2016</u>
Index	\$179,481.32	\$182,537.17
Fixed Income	845,248.14	857,125.41
Growth	74,738.76	60,020.52
All Others	<u>53,432.66</u>	<u>56,739.69</u>
Total	<u>\$1,152,900.88</u>	<u>\$1,156,422.79</u>

NOTE 3. MUNICIPAL DEBT

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

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$22,074,250.00	\$	\$1,360,000.00	\$20,714,250.00	\$1,400,000.00
Water Utility Debt	2,060,750.00		145,000.00	1,915,750.00	145,000.00
Accrued Sick and Vacation Benefits	<u>880,050.59</u>	<u>192,115.29</u>	<u>56,132.17</u>	<u>1,016,033.71</u>	<u> </u>
	<u>\$25,015,050.59</u>	<u>\$192,115.29</u>	<u>\$1,561,132.17</u>	<u>\$23,646,033.71</u>	<u>\$1,545,000.00</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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 Borough are general obligation bonds, backed by the full faith and credit of the Borough. 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 Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued			
General Bonds and Notes	\$20,714,250.00	\$22,074,250.00	\$24,304,250.00
Water Utility - Bonds and Notes	<u>1,915,750.00</u>	<u>2,060,750.00</u>	<u>2,205,750.00</u>
Total Issued	<u>22,630,000.00</u>	<u>24,135,000.00</u>	<u>26,510,000.00</u>
Less: Funds Temporarily Held to Pay			
Bonds and Notes:			
Reserve for Debt Service	<u>23,145.24</u>	<u>23,145.24</u>	<u>23,145.24</u>
Total Deductions	<u>23,145.24</u>	<u>23,145.24</u>	<u>23,145.24</u>
Net Debt Issued	<u>22,606,854.76</u>	<u>24,111,854.76</u>	<u>26,486,854.76</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	1,975,323.00	1,174,459.00	230,649.00
Water Utility Bonds and Notes	<u>830.00</u>	<u>830.00</u>	<u>830.00</u>
Total Authorized But Not Issued	<u>1,976,153.00</u>	<u>1,175,289.00</u>	<u>231,479.00</u>
Net Bonds and Notes Issued and Authorized			
But Not Issued	<u>\$24,583,007.76</u>	<u>\$25,287,143.76</u>	<u>\$26,718,333.76</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

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 1.668%.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$875,000.00	\$875,000.00	\$0.00
Water Utility Debt	1,916,580.00	1,817,587.60	98,992.40
General Debt	<u>22,689,573.00</u>	<u>23,145.24</u>	<u>22,666,427.76</u>
	<u>\$25,481,153.00</u>	<u>\$2,715,732.84</u>	<u>\$22,765,420.16</u>

Net Debt \$22,765,420.16 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,364,984,283.00 equals 1.668%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3-1/2% of equalized valuation basis (municipal)	\$47,774,449.90
Net debt	<u>22,765,420.16</u>
	<u>\$25,009,029.74</u>

**CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY
PER N.J.S.A. 40A:2-45**

Cash receipts from fees, rents or other charges for year	\$2,514,195.38
Deductions:	
Operating and Maintenance Cost	\$2,326,356.00
Debt Service	<u>192,789.00</u>
	<u>2,519,145.00</u>
Deficit in Revenue	<u>(\$4,949.62)</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible.

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>Paid by Current Fund:</u>	<u>Debt Outstanding</u>
General Bonds - General Bonds of 2015 with an interest rate of 2.00% issued October 26, 2015, due through October 15, 2024	\$1,900,000.00
General Bonds - General Bonds of 2005 with an interest rate of 2.25%-4.00% issued February 1, 2005, due through February 1, 2024	1,775,000.00
Refunding Loan Program Bonds - Refunding Loan Program Bonds of 2016 with an interest rate of 4% issued July 28, 2016 due through March 15, 2030	15,384,250.00
Loan Program Bonds - Loan Program Bonds of 2009 with an interest rate of 2.00%-5.00% issued March 15, 2009, due through March 15, 2019	<u>1,655,000.00</u>
	<u>\$20,714,250.00</u>
<u>Paid by Water Utility Operating Fund:</u>	
Water Utility Bonds - Water Improvement Bonds of 2015 with an interest rate of 2.00-2.375% issued October 26, 2015, due through October 15, 2028	\$1,665,000.00
Refunding Loan Program Bonds - Refunding Loan Program Bonds of 2016 with an interest rate of 4% issued July 28, 2016 due through March 15, 2021	150,750.00
Loan Program Bonds - Loan Program Bonds of 2009 with an interest rate of 2.00%-5.00% issued March 15, 2009, due through March 15, 2019	<u>100,000.00</u>
	<u>\$1,915,750.00</u>

General Capital, Assessment Trust and Water Capital Serial Bonds are direct obligations of the Borough, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough and/or Water Utility Revenues.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
 (continued)

NOTE 3. MUNICIPAL DEBT, (continued)

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital	<u>\$1,975,323.00</u>
Water Capital	<u>\$ 830.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR
BONDED DEBT ISSUED AND OUTSTANDING

Calendar Year	General		
	Principal	Interest	Total
2018	\$1,400,000.00	\$767,126.25	\$2,167,126.25
2019	1,445,000.00	715,626.25	2,160,626.25
2020	1,450,000.00	663,126.25	2,113,126.25
2021	1,449,250.00	610,822.50	2,060,072.50
2022	1,605,000.00	555,559.38	2,160,559.38
2023-2027	8,075,000.00	1,851,000.00	9,926,000.00
2028-2030	<u>5,290,000.00</u>	<u>323,200.00</u>	<u>5,613,200.00</u>
	<u>\$20,714,250.00</u>	<u>\$5,486,460.63</u>	<u>\$26,200,710.63</u>

Calendar Year	Water Utility		
	Principal	Interest	Total
2018	\$145,000.00	\$43,686.25	\$188,686.25
2019	145,000.00	39,786.25	184,786.25
2020	145,000.00	35,886.25	180,886.25
2021	195,750.00	30,971.25	226,721.25
2022	185,000.00	27,056.25	212,056.25
2023-2027	920,000.00	79,550.00	999,550.00
2028	<u>180,000.00</u>	<u>4,275.00</u>	<u>184,275.00</u>
	<u>\$1,915,750.00</u>	<u>\$261,211.25</u>	<u>\$2,176,961.25</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 4. BOND ANTICIPATION NOTES

The Borough 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 fiscal year following the date of the original notes. 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.

On December 31, 2017, the Borough did not have any outstanding general capital bond anticipation notes.

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the Borough did not have any deferred charges on the balance sheets of any of the various funds.

NOTE 6. LOCAL DISTRICT SCHOOL TAXES

Local district school taxes have been raised on a calendar year basis.

NOTE 7. PENSION PLANS

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

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

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 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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.

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.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

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 Borough'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>	<u>DCRP</u>
2017	\$322,241.00	\$583,488.00	\$3,150.56
2016	343,379.00	649,171.00	2,736.33
2015	298,012.00	647,352.00	2,065.26

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.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
 (continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS)

At December 31, 2017, the Borough had a liability of \$8,660,212.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0372027774 percent, which was an increase of 0.0009301321 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$322,241.00. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$203,918.00	\$
Changes of assumptions	1,744,734.00	1,738,338.00
Net difference between projected and actual earnings on pension plan investments	58,970.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>515,068.00</u>	<u>349,789.00</u>
Total	<u>\$2,522,690.00</u>	<u>\$2,088,127.00</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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

Year ended June 30:	
2018	\$203,870.00
2019	307,644.00
2020	186,417.00
2021	(247,935.00)
2022	(180,711.00)

Changes in Proportion

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

Additional Information

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Borough's Proportion	.0372027774%	.0362726453%

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

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

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

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

Mortality Rates

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

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

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

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

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

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

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$10,743,581	\$8,660,212	\$6,924,508

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. 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)

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2017, the Borough had a liability of \$11,873,231.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0769087914 percent, which was an increase of 0.0053450786 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$583,488.00. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$77,027.00	\$69,686.00
Changes of assumptions	1,464,102.00	1,944,488.00
Net difference between projected and actual earnings on pension plan investments	226,569.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>838,622.00</u>	<u>1,017,035.00</u>
Total	<u>\$2,606,320.00</u>	<u>\$3,031,209.00</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
 (continued)

NOTE 7. 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), (continued)

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

Year ended June 30:	
2018	\$144,476.00
2019	391,287.00
2020	80.00
2021	(542,276.00)
2022	(240,044.00)

Changes in Proportion

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

Additional Information

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$2,941,952,753	\$4,547,316,543
Collective deferred inflows of resources	3,262,432,093	688,197,590
Collective net pension liability	17,167,260,198	20,706,699,056
Borough's Proportion	0.0769087914%	0.0715637128%

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. 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), (continued)

Actuarial Assumptions

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

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

Mortality Rates

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

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. 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), (continued)

Long-Term Rate of Return

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

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. 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), (continued)

Discount Rate

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

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

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

	<u>June 30, 2017</u>		
	<u>1%</u> <u>Decrease</u> <u>5.14%</u>	<u>At Current</u> <u>Discount Rate</u> <u>6.14%</u>	<u>1%</u> <u>Increase</u> <u>7.14%</u>
Borough's proportionate share of the pension liability	\$17,396,214	\$11,873,231	\$9,758,039

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. 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), (continued)

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 8. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost, to all Borough retirees who (1) have retired on disability pension, and (2) employees who have retired after twenty-five (25) years or more of service in a State or locally administered retirement system.

Health insurance, dental coverage, prescription coverage, and reimbursement of Federal Part B medicare premiums are provided for retirees and their dependents.

The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During 2017, there were forty-two (42) retired employees who received this benefit at a cost of \$714,126.00.

Annual OPEB Cost

For 2017, the Borough's annual OPEB cost (expense) of \$2,180,210.00 (based on actuarial valuation as of December 31, 2017) was equal to the ARC (Annual Required Contribution). The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016 and 2015 are as follows:

<u>Year</u>	<u>Actual OPEB Payments</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$649,641.91	\$2,180,210.00	29.80%	\$15,169,689.59
2016	654,853.87	2,180,210.00	30.00%	16,695,045.72
2017	714,126.00	2,484,249.00	28.75%	18,465,168.72

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
 (continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2017 (based on actuarial valuation as of December 31, 2017) was as follows:

Actuarial Accrued Liability (AAL)	\$33,917,018.00
Actuarial Value of Plan Assets	-0-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$33,917,018.00</u>
Funded Ratio (Actuarial Value of Plan Assets (AAL))	0.00%
Cover Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

N/A - Not Available

Funding Status and Funding Progress, (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount rate and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage, and the face amount of employer-paid life insurance. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without receiving benefits; disability; recovery from disability; participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

Actuarial Methods and Assumptions

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

NOTE 9. FUND BALANCES

Fund balances as of December 31, 2017 that have been anticipated as revenue in the 2018 budget is as follows:

Current Fund	\$2,348,946.00
Water Operating Fund	\$350,000.00

NOTE 10. FIXED ASSETS

The following is a summary of changes in the General Fixed Asset Account Group for the year 2017.

	<u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2017</u>
Land	\$5,269,700.00	\$1,000,179.00	\$	\$6,269,879.00
Land Improvements	880,579.63			880,579.63
Buildings	23,256,919.65			23,256,919.65
Machinery & Equipment	<u>6,322,737.73</u>	<u>622,559.22</u>	<u>347,089.00</u>	<u>6,598,207.95</u>
	<u>\$35,729,937.01</u>	<u>\$1,622,738.22</u>	<u>\$347,089.00</u>	<u>\$37,005,586.23</u>

NOTE 11. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. This amounted to \$1,016,033.71 as of December 31, 2017. It is expected that the payments will be budgeted as the amounts are used.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 12. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2017</u>	<u>Balance</u> <u>Dec 31, 2016</u>
Prepaid Taxes	\$1,277,306.24	\$270,251.01
Cash Liability for Taxes Collected in Advance	<u>\$1,277,306.24</u>	<u>\$270,251.01</u>

NOTE 13. INTERFUND BALANCES AND ACTIVITY

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

\$71.47	Due to Current Fund from General Capital Fund for interest earned on investments.	
67,220.86	Due to Current Fund from Other Trust Fund for Current Fund receipts deposited in Other Trust Fund.	
7,348.28	Due to Current Fund from Water Operating Fund for Current Fund receipts deposited in Water Operating Fund.	
14,941.37	Due to Current Fund from Animal Control Trust Fund for statutory excess.	
56.45	Due to Current Fund from Public Assistance Trust Fund for interest earned on investments.	
337.19	Due to Current Fund from Payroll Fund for excess transfer.	
2,656.11	Due to Federal and State Grant Fund from Current Fund for canceled grant receivables and reserves.	
152.49	Due to Other Trust Funds - Open Space from Current Fund for Open Space receipts deposited in Current Fund.	
463.15	Due to General Capital Fund from Water Capital Fund for General Capital receipts deposited in Water Capital Fund.	
<u>416.86</u>	Due to Water Capital Fund from Water Operating Fund for Water Capital receipts deposited in Water Operating Fund.	
<u>\$93,664.23</u>		

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

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 14. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2017 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Lincoln Park is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Borough of Lincoln Park is a member of the Morris County Municipal Joint Insurance Fund and Municipal Excess Liability Joint Insurance Fund. These funds are both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a. Workers' Compensation and Employer's Liability
- b. Liability Other Than Motor Vehicles
- c. Property Damage Other Than Motor Vehicles
- d. Motor Vehicle

The Municipal Excess Liability Joint Insurance Fund also offers Public Officials' Liability Coverage.

Members of the Morris County Municipal Joint Insurance Fund are also members of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for each of the coverages noted above, except for excess property coverage which is purchased by the Morris County Municipal Joint Insurance Fund from a commercial carrier.

As a member of these Funds, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

These Funds can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

On October 15, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by the Lincoln National Life Insurance Company (Lincoln National). The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln National will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$100 per year of active emergency service the maximum contribution for each active volunteer member shall be one Borough tax point per year of active emergency service, subject to periodic increases as permitted. The Borough's contribution shall be included in the current year's budget.

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 in the awards made 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.

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

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

During the normal course of operations, lawsuits are occasionally brought against the governmental unit. There are presently no outstanding lawsuits that would result in a material contingent liability to the Borough.

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through April 20, 2018, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>2.623</u>	<u>2.590</u>	<u>2.554</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.961	.947	.925
Municipal Library Tax	.033	.033	.032
Municipal Open Space	.010	.010	.011
County	.262	.251	.245
Local School	1.357	1.349	1.341

Assessed Valuations

2017	\$1,354,047,700.00		
2016		\$1,354,928,400.00	
2015			\$1,359,479,100.00

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>Currently</u>		
<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collection</u>
2017	\$35,530,428.92	\$35,138,552.50	98.90%
2016	35,109,136.02	34,666,119.14	98.74
2015	34,767,358.51	34,288,212.31	98.62

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$90,608.24	\$373,076.97	\$463,685.21	1.31%
2016	70,437.22	398,950.57	469,387.79	1.34
2015	65,181.62	360,850.24	426,031.86	1.23

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2017	\$835,965.00
2016	835,965.00
2015	835,965.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance</u> <u>December 31,</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding</u> <u>Year</u>
Current Fund	2017	\$5,350,013.24	\$2,348,946.00
	2016	4,206,256.05	927,500.00
	2015	3,417,562.67	927,500.00
	2014	2,926,155.66	727,500.00
	2013	2,117,092.09	727,500.00
Water Utility Operating Fund	2017	\$355,582.61	\$350,000.00
	2016	596,169.45	307,145.00
	2015	752,800.11	305,990.00
	2014	687,140.78	230,000.00
	2013	387,643.81	191,000.00

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>
David Runfeldt	Mayor	
Gary Gemian	Council President	
Robert Cardillo	Councilman to 4/24/17	
Raymond Kerwin	Councilman	
Daniel Moeller	Councilman	
Ellen Ross	Councilwoman	
Ann Thompson	Councilwoman	
James A. Wild	Councilman	
Louis Pepe	Councilman from 5/15/17	
Perry Mayers	Borough Administrator	
Cynthia Sloane	Borough Clerk	
Kerry Geisler	Chief Financial Officer to 2/28/17	
Fabiana Mello	Chief Financial Officer from 2/7/17	
Kristen Runfeldt	Tax Collector; Tax Search Officer	
Christopher Lauver	Tax Assessor	
Chris DiLorenzo	Attorney	
Andrew M. Wubbenhorst	Magistrate	
Patricia Fritz	Court Administrator to 7/31/17	
Ashley Fritz	Court Administrator from 7/31/17	
Michael Runfeldt	Chief of Police	
Ferraioli, Wielkocz, Cerullo & Cuva	Auditor	

(A) Selective Insurance Company

* Covered under the Municipal Joint Insurance Fund

Borough of Lincoln Park

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Balance Dec. 31, 2017	Cumulative Expenditures
<u>Federal and State Grant Fund</u>									
<u>U.S. Department of Transportation:</u>									
Pass Through NJ Department of Law & Public Safety:									
Distracted Driving Incentive	20.616	066-1160-100-158	2017	4,620.00		4,620.00		4,620.00	
Drive Sober or Get Pulled Over	20.616	066-1160-100-157	2016	5,000.00	5,000.00			5,000.00	
			2015	5,000.00	5,000.00			5,000.00	
					10,000.00	4,620.00		14,620.00	
<u>Pass Through NJ Department of Transportation:</u>									
Highway Planning and Construction	20.205	078-6320-480	2014	225,000.00	(56,250.00)	56,250.00		(6,640.00)	225,000.00
			2013	200,000.00	(5,440.00)		1,200.00	(6,640.00)	6,640.00
					(61,690.00)	56,250.00	1,200.00	(6,640.00)	
<u>U.S. Department of Homeland Security:</u>									
Pass Through NJ Department of Law & Public Safety:									
Hazard Mitigation - Energy Allocation Initiative	97.039	1200-100-A76	2014	50,000.00	(7,670.00)		(7,670.00)		
<u>U.S. Department of HUD:</u>									
Pass Through County of Morris:									
Community Development Block Grant	14.218		2012	22,757.24	1,677.62			1,677.62	21,079.62
			2011	80,000.00	120.00			120.00	79,880.00
					1,797.62			1,797.62	
<u>U.S. Department of Agriculture:</u>									
Pass Through NJ Department of Environmental Protection									
Cooperative Forestry Assistance	10.664	042-4870100-038	2016	3,000.00	(3,000.00)	3,000.00			3,000.00

Borough of Lincoln Park

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Balance Dec. 31, 2017	Cumulative Expenditures
U.S. Environmental Protection Agency, Pass Through NJ Department of Environmental Protection Municipal Stormwater Regulation	66.605			2,552.00	(1,904.68)			(1,904.68)	1,824.66
U.S. Department of Health and Human Services Pass Through NJ Department of Health Pandemic Flu Preparedness	93.069			17,164.00	9,074.38			9,074.38	8,089.62
U.S. Department of Justice Pass Through NJ Department of Health Domestic Violence Response Team	16.588			5,996.00	641.11			641.11	5,354.89
Total Federal and State Grant Fund					(52,751.57)	63,870.00	(6,470.00)	17,588.43	
<u>Current Fund</u>									
U.S. Department of Homeland Security Pass Through NJ Department of Law & Public Safety: Public Assistance Grant Program Public Assistance Grant Program	97.036 97.036	066-1200-100-A92 066-1200-100-B80	2013 2016	318,808.09 32,749.76		36,868.17 32,749.76 69,617.93	36,868.17 32,749.76 69,617.93		318,808.09 32,749.76
Total Current Fund						69,617.93	69,617.93		

Borough of Lincoln Park

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Balance Dec. 31, 2017	Cumulative Expenditures
<u>Water Operating Fund</u>									
U.S. Department of HUD: Pass Through County of Morris: Community Development Block Grant	14.218		2016	160,000.00		144,000.00	160,000.00	(16,000.00)	160,000.00
Total Water Operating Fund						144,000.00	160,000.00	(16,000.00)	
Total Federal Awards					(52,751.57)	133,487.93	63,147.93	17,588.43	

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance.

Borough of Lincoln Park

**Schedule of Expenditures of State Awards
For the Year Ended December 31, 2017**

State Grantor/Pass-Through Grantor/Program Federal and State Grant Fund	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Balance Dec. 31, 2017	MEMO Cumulative Expenditures	
NJ Department of Environmental Protection: Clean Communities	4900-765-004	2017	22,319.99		22,319.99		22,319.99		
		2016	26,272.33	26,272.33			26,272.33		
		2015	22,960.92	22,960.92			22,960.92		
		2014	18,892.79	18,892.79			18,892.79		
		2013	20,144.72	13,613.59	400.00	13,213.59	6,931.13		
			<u>81,739.63</u>		<u>22,319.99</u>	<u>400.00</u>	<u>103,659.62</u>		
Recycling Enhancement Grant	4900-752-001	2016	22,000.00	4,037.50			4,037.50	17,962.50	
Recycling Tonnage Grant	4910-100-224	2018	13,973.35		13,973.35		13,973.35		
		2017	19,183.21		19,183.21		19,183.21		
		2016	17,860.20	17,860.20				17,860.20	
		2015	12,764.54	12,764.54				12,764.54	
		2014	22,106.99	22,106.99				22,106.99	
		2013	18,482.10	18,482.10				18,482.10	
		2012	14,288.18	1,996.39		1,996.39	12,291.79		
			<u>73,210.22</u>		<u>33,156.56</u>		<u>106,366.78</u>		
State Flood Control Project	4895-004	2014	150,000.00	(83,909.00)		6,950.00	(90,859.00)	90,859.00	

Borough of Lincoln Park

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2017

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Balance Dec. 31, 2017	MEMO Cumulative Expenditures
<u>NJ Department of Health:</u> Shaping New Jersey		2016	20,000.00	5,680.34	10,000.00	12,076.20	3,604.14	16,395.86
Alcohol Education Rehabilitation	9735-760-001	2017	1,801.52		1,801.52		1,801.52	
		2016	1,450.35	1,450.35			1,450.35	
		2015	1,826.93	1,826.93			1,826.93	
		2014	1,536.08	1,536.08	342.89		1,193.19	342.89
		2013	1,319.37	1,319.37	1,319.37			1,319.37
		2012	1,618.89	1,181.74	1,181.74			1,618.89
				7,314.47	1,801.52	2,844.00	6,271.99	
<u>NJ Division of Highway Traffic Safety:</u> Drunk Driving Enforcement Fund	6400-100-078	2017	4,316.94		4,316.94		4,316.94	
		2016	4,623.79	4,623.79			4,623.79	
		2015	3,384.18	2,885.14		2,830.78	54.36	3,329.82
				7,508.93	4,316.94	2,830.78	8,995.09	
<u>NJ Department of Transportation:</u> Highway Planning and Construction	078-6320-480	2016	172,500.00					
		2015	220,000.00	(55,000.00)			(55,000.00)	220,000.00
		2014	86,250.00	1,720.63	1,720.63	1,720.63		86,250.00
		2013	180,000.00	18,732.16			18,732.16	161,267.84
		2012	245,515.96	12,984.07			12,984.07	232,531.89
		2011	194,802.45	28,884.77			28,884.77	165,917.68
				7,321.63		1,720.63	5,601.00	

Borough of Lincoln Park

Schedule of Expenditures of State Awards
For the Year Ended December 31, 2017

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Balance Dec. 31, 2017	MEMO Cumulative Expenditures
NJ Department of Law and Public Safety:								
Body Armor Replacement	066-1020-718-001	2018	2,347.94		2,347.94		2,347.94	
		2017	2,344.57	2,344.57			2,344.57	
		2016	2,436.47	2,436.47			2,436.47	
		2015	2,524.43	2,524.43			2,524.43	
		2014	3,125.80	3,125.80	861.36		2,264.44	861.36
		2013	2,514.01	888.64	888.64			2,514.01
				11,319.91	2,347.94	1,750.00	11,917.85	
Council on Alcoholism and Drug Abuse:								
Pass Through County of Morris		2018	10,649.00					
Municipal Drug Alliance		2017	9,820.62		9,820.62			9,820.62
		2016	10,649.00	800.00	800.00			9,849.00
				800.00	9,820.62	10,620.62		
Total Federal and State Grant Fund				115,023.63	83,763.57	39,192.23	159,594.97	
<u>Current Fund</u>								
NJ Department of Environmental Protection:								
Green Trust Grants	4800-582-002	2016	177,749.00		177,749.00			177,749.00
		2013	72,295.75		72,295.75			72,295.75
Total Current Fund				250,044.75	250,044.75			
Total State Awards				115,023.63	333,808.32	289,236.98	159,594.97	

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08.

Borough of Lincoln Park, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2016	A	6,794,137.21	57,812.86
Increased by Receipts:			
Interest and Costs on Taxes	A-2	103,537.80	
Miscellaneous Revenue Not Anticipated	A-2	209,698.44	
Petty Cash	A-6	400.00	
Due From State - Senior Citizen and Veteran Deductions	A-7	90,013.70	
Taxes Receivable	A-8	35,174,622.92	
Tax Title Liens	A-9	3,464.52	
Revenue Accounts Receivable	A-11	1,552,715.38	
Sewer Rents Receivable	A-12	2,560,807.26	
Interfunds	A-14	355,094.23	
Prepaid Taxes	A-18	1,277,306.24	
Various Cash Liabilities and Reserves	A-21	1,612,209.33	
Federal and State Grants Receivable	A-22		131,312.28
Matching Funds for Grants	A-23		5,325.25
Unappropriated Reserves	A-24		16,321.29
Interfund - Current Fund	A-25		6,357.77
Interfund - Other Trust	A-26		1,126.01
		<u>42,939,869.82</u>	<u>160,442.60</u>
		49,734,007.03	218,255.46
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	30,321.43	
Current Year Budget Appropriations	A-3	16,054,847.17	
Matching Funds for Grants	A-3	5,325.25	
Petty Cash	A-6	400.00	
Interfunds	A-14	486,002.47	
Appropriation Reserves	A-15	672,786.00	
Local District School Taxes	A-19	18,366,005.00	
County Taxes Payable	A-20	3,537,557.82	
Various Cash Liabilities and Reserves	A-21	1,677,191.80	
Federal & State Grant Appropriations	A-23		35,373.79
Interfund - Current Fund	A-25		2,656.11
		<u>40,830,436.94</u>	<u>38,029.90</u>
Balance - December 31, 2017	A	<u>8,903,570.09</u>	<u>180,225.56</u>

Exhibit A-5

Borough of Lincoln Park, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u>1,050.00</u>
Balance - December 31, 2017	A	<u>1,050.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		350.00
Registrar		50.00
Clerk		100.00
Health		50.00
Recreation		100.00
Municipal Court		<u>400.00</u>
		<u>1,050.00</u>

Exhibit A-6

Schedule of Cash - Petty Cash
Current Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	<u>400.00</u>
Decreased by:		
Returned to Treasurer	A-4	<u>400.00</u>

Borough of Lincoln Park, N.J.

**Schedule of Amount Due From State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	11,309.61
Increased by:		
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		7,648.64
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		91,250.00
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>2,500.00</u>
	A-8	<u>86,101.36</u>
		97,410.97
Cash Receipts	A-4	<u>90,013.70</u>
Balance - December 31, 2017	A	<u><u>7,397.27</u></u>

Borough of Lincoln Park, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2017

Year	Balance, Dec. 31, 2016	Levy	Added Taxes	Collected 2017	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2017
prior	398,950.97		14,553.41	394,451.56	(2,028.77)	4,598.66	1,353.39	15,129.54
2017		35,516,673.96	13,754.96	270,251.01	88,130.13	18,279.28	15,649.71	357,947.43
	<u>398,950.97</u>	<u>35,516,673.96</u>	<u>28,308.37</u>	<u>270,251.01</u>	<u>86,101.36</u>	<u>22,877.94</u>	<u>17,003.10</u>	<u>373,076.97</u>
	A		A-2/A-18	A-2/A-4	A-2/A-7	A-9		A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	35,516,673.96
Added Tax (R.S. 54:4-63.1 et seq.)	<u>13,754.96</u>
	<u>35,530,428.92</u>
Tax Levy:	
Municipal Open Space Tax	135,404.77
Added Municipal Open Space Tax	<u>52.49</u>
	135,457.26
Local District School Tax	18,366,005.00
County Tax	3,534,587.45
Added County Taxes	<u>1,372.59</u>
	3,535,960.04
Local Tax for Municipal Purposes	<u>22,037,422.30</u>
Additional Taxes	
	13,493,006.62
	<u>35,530,428.92</u>

Exhibit A-9

Borough of Lincoln Park, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	70,437.22
Increased by:		
Interest and Costs Accrued by Sale		757.60
Transfers from Taxes Receivable	A-8	<u>22,877.94</u>
		<u>23,635.54</u>
		94,072.76
Decreased by:		
Cash Receipts	A-2,A-4	<u>3,464.52</u>
Balance - December 31, 2017	A	<u><u>90,608.24</u></u>

Exhibit A-10

**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u><u>835,965.00</u></u>
Balance - December 31, 2017	A	<u><u>835,965.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Balance Dec. 31, 2016</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2017</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2		17,600.00	17,600.00	
Other	A-2		240.00	240.00	
Fees and Permits	A-2	60.00	19,015.00	19,075.00	
Police					
Fees and Permits	A-2		5,974.00	5,974.00	
Fire Prevention					
Fees and Permits	A-2		15,287.00	15,287.00	
Registrar					
Other Licenses	A-2	3.00	216.00	219.00	
Fees and Permits	A-2		10,805.00	10,805.00	
Board of Health					
Other Licenses	A-2		7,525.00	7,525.00	
Fees and Permits	A-2		4,975.00	4,975.00	
Municipal Court :					
Fines and Costs	A-2	10,129.36	119,978.37	124,299.63	5,808.10
Uniform Construction Code Fees					
Construction Fees	A-2		130,313.36	130,313.36	
Energy Receipts Taxes	A-2		817,254.00	817,254.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		62,897.00	62,897.00	
Garden State Trust Pilot Funds	A-2		28,287.00	28,287.00	
Interest on Investments and Deposits	A-2	15.43	80,833.41	80,848.84	
Cell Tower Lease	A-2	3,120.00	38,688.00	38,563.20	3,244.80
Cable TV Franchise Fee	A-2		53,184.00	53,184.00	
Uniform Fire Safety	A-2		10,744.83	10,744.83	
Recreation Fees	A-2		124,623.52	124,623.52	
		<u>13,327.79</u>	<u>1,548,440.49</u>	<u>1,552,715.38</u>	<u>9,052.90</u>
		A		A-4	A

Borough of Lincoln Park, N.J.
Schedule of Sewer Rents Receivable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	A		190,605.78
Increased by:			
Sewer Rents Levied			<u>2,631,305.94</u>
			2,821,911.72
Decreased by:			
Collections	A-4	2,560,807.26	
Overpayments Applied	A-21	6,487.60	
Transferred to Sewer Liens	A-13	<u>749.20</u>	
	A-2		<u>2,568,044.06</u>
Balance - December 31, 2017	A		<u><u>253,867.66</u></u>

Schedule of Sewer Liens

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>		
Increased by:			
Interest and Costs		82.95	
Transferred from Sewer Rents Receivable	A-12	<u>749.20</u>	
			<u>832.15</u>
Balance - December 31, 2017	A		<u><u>832.15</u></u>

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2017

Fund	Ref.	Due From/(To) Balance			Due From/(To) Balance	
		Dec. 31, 2016	Increased	Decreased	Dec. 31, 2017	
Other Trust Fund	A	58,050.91	202,678.12	193,508.17	67,220.86	
General Capital Fund	A	(26.86)		98.33	71.47	
Federal and State Grant Fund	A	(6,357.77)	32,234.49	35,936.15	(2,656.11)	
Animal Control Trust	A	13,261.61	14,941.37	13,261.61	14,941.37	
Open Space Trust			152.49		(152.49)	
Water Operating Fund	A	23,729.17	7,348.28	23,729.17	7,348.28	
Payroll Fund	A	(194.52)		531.71	337.19	
Public Assistance Trust Fund	A	2.00	56.45	2.00	56.45	
Library Payroll	A	21,258.20	268,931.81	257,241.94	32,948.07	
		<u>109,722.74</u>	<u>526,343.01</u>	<u>524,309.08</u>	<u>120,115.09</u>	
<u>Analysis</u>						
Due to Current Fund	A/A-1	116,301.89			122,923.69	
Due From Current Fund	A	(6,579.35)			(2,808.60)	
		<u>109,722.54</u>			<u>120,115.09</u>	
Stat. Excess in Animal Trust	A-1		14,941.37			
Canceled Grant Reserves	A-1			29,578.38		
Canceled Grants Receivable	A-1		29,578.38			
Disbursed	A-4		479,014.66	6,987.81		
Received	A-4		2,808.60	352,285.63		
Municipal Open Space	A-1,A-8			135,457.26		
			<u>526,343.01</u>	<u>524,309.08</u>		

Borough of Lincoln Park, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	48.83	48.83		48.83
Clerk	407.72	407.72		407.72
Financial Administration	5,864.81	5,864.81		5,864.81
Collection of Taxes	0.03	0.03		0.03
Assessment of Taxes	649.30	649.30		649.30
Planning Department	230.27	230.27		230.27
Board of Adjustment	0.02	0.02		0.02
Police	73,091.98	73,091.98		73,091.98
Uniform Fire Safety Act	4,092.68	4,092.68		4,092.68
Municipal Court	606.54	606.54		606.54
Public Defender	4,489.00	4,489.00		4,489.00
Road Repairs and Maintenance	544.48	544.48		544.48
Garbage and Trash Removal	9,481.87	9,481.87		9,481.87
Board of Health	135.18	135.18		135.18
Parks and Playgrounds	2,549.15	2,549.15		2,549.15
Municipal Lake	3,721.16	3,721.16		3,721.16
Building Inspector	1,208.83	1,208.83		1,208.83
Total Salaries and Wages Within "CAPS"	<u>107,121.85</u>	<u>107,121.85</u>		<u>107,121.85</u>
Other Expenses Within "CAPS":				
Administrative and Executive	40.81	17,139.08	14,272.14	2,866.94
Clerk	8,867.87	10,127.96	1,665.26	8,462.70
Financial Administration	1,636.23	2,989.05	2,502.65	486.40
Audit Services	22,605.00	22,605.00	20,000.00	2,605.00
Collection of Taxes	2,466.15	2,939.30	473.15	2,466.15
Assessment of Taxes	2,287.13	4,668.98	2,388.89	2,280.09
Legal Services and Costs	16,203.79	44,572.69	40,862.66	3,710.03
Engineering Services and Costs	8,564.05	15,952.05	8,825.00	7,127.05
Planning Board	25,114.82	25,984.87	12,538.95	13,445.92
Planning Department	1,877.38	1,967.58	115.20	1,852.38
Board of Adjustment	8,017.66	8,400.58	4,922.92	3,477.66
Fair Housing Committee	126.91	151.37	24.46	126.91
Insurance:				
Other Insurance Premiums	9,827.85	9,827.85		9,827.85
Group Insurance for Employees	261,692.10	275,832.16	48,157.30	227,674.86
Health Benefit Waiver	54.84	54.84		54.84

Borough of Lincoln Park, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Police	11,546.13	78,882.89	69,316.66	9,566.23
Police Radio and Communications	3,825.91	34,813.87	30,752.50	4,061.37
Emergency Management Services	15,017.77	16,010.02	862.41	15,147.61
First Aid Organization Contribution	19,626.40	27,658.48	27,461.84	196.64
Fire	11,304.79	53,045.22	35,974.55	17,070.67
Uniform Fire Safety	3,962.04	3,978.91	222.57	3,756.34
Municipal Court	5,740.46	6,207.69	733.02	5,474.67
Road Repairs and Maintenance	81,491.09	111,637.20	38,012.03	73,625.17
Sewer System	2,372.06	25,074.84	21,655.08	3,419.76
Garbage and Trash Removal	152,890.53	223,628.50	131,126.33	92,502.17
Public Building and Grounds	84,570.31	132,164.15	47,244.62	84,919.53
Condominium Reimbursement	7,992.16	7,995.16		7,995.16
Board of Health	2,064.65	4,304.34	2,279.99	2,024.35
Dog Regulation	3,858.04	3,858.04		3,858.04
Administration of Public Assistance	100.00	100.00		100.00
Senior Citizen's Transportation	89,498.00	89,498.00	89,498.00	
Parks and Playgrounds	9,770.49	23,851.60	22,576.83	1,274.77
Municipal Lake	136.44	1,788.73	1,411.68	377.05
Building Inspector	1,610.83	2,057.44	612.61	1,444.83
Plumbing Inspector	501.00	501.00		501.00
Electrical Inspector	102.03	102.03	99.00	3.03
Celebration of Public Events	823.13	1,000.00	819.77	180.23
Street Lighting	18,555.38	22,991.38	16,010.28	6,981.10
Street Signs	166.84	360.84	194.00	166.84
Gasoline	86,992.80	96,157.66	8,928.50	87,229.16
Contingent	1,000.00	1,000.00		1,000.00
Total Other expenses Within "CAPS"	<u>984,901.87</u>	<u>1,411,881.35</u>	<u>702,540.85</u>	<u>709,340.50</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	82,139.25	57,139.25		57,139.25
Defined Contribution Retirement Plan	2,263.67	2,263.67		2,263.67
Unemployment Compensation	10,000.00	10,000.00		10,000.00
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>94,402.92</u>	<u>69,402.92</u>		<u>69,402.92</u>
Total Reserves Within "CAPS"	<u>1,186,426.64</u>	<u>1,588,406.12</u>	<u>702,540.85</u>	<u>885,865.27</u>

Borough of Lincoln Park, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Emergency Services Volunteer Length of Service Award Program	92,000.00	92,000.00	66,700.00	25,300.00
Recycling Tax	<u>3,644.59</u>	<u>4,506.58</u>	<u>1,699.53</u>	<u>2,807.05</u>
Total Other Expenses Excluded from "CAPS"	<u>95,644.59</u>	<u>96,506.58</u>	<u>68,399.53</u>	<u>28,107.05</u>
Total Reserves Excluded from "CAPS"	<u>95,644.59</u>	<u>96,506.58</u>	<u>68,399.53</u>	<u>28,107.05</u>
Total Reserves	<u>1,282,071.23</u>	<u>1,684,912.70</u>	<u>770,940.38</u>	<u>913,972.32</u>
	A			A-1
Appropriation Reserves	Ref. above	1,282,071.23		
Transfer from Reserve for Encumbrances	A-16	<u>402,841.47</u>		
		<u>1,684,912.70</u>		
Cash Disbursements	A-4		672,786.00	
Transfer to Accounts Payable	A-17		<u>98,154.38</u>	
			<u>770,940.38</u>	

Borough of Lincoln Park, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	402,841.47
Increased by:		
Transfer from Current Appropriations	A-3	<u>429,172.96</u>
		832,014.43
Decreased by:		
Transfer to Appropriation Reserves	A-15	<u>402,841.47</u>
Balance - December 31, 2017	A	<u><u>429,172.96</u></u>

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	885.99
Increased by:		
Transfer from Appropriation Reserves	A-15	<u>98,154.38</u>
Balance - December 31, 2017	A	<u><u>99,040.37</u></u>

Borough of Lincoln Park, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	270,251.01
Increased by:		
Receipts - Prepaid 2018 Taxes	A-4	<u>1,277,306.24</u>
		1,547,557.25
Decreased by:		
Applied to 2017 Taxes	A-8	<u>270,251.01</u>
Balance - December 31, 2017	A	<u><u>1,277,306.24</u></u>

Borough of Lincoln Park, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year , 2017	A-1/A-8	<u>18,366,005.00</u>
Decreased by:		
Payments	A-4	<u>18,366,005.00</u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	A		1,597.78
Increased by:			
Levy	A-1/A-8	3,534,587.45	
Added and Omitted Taxes	A-1/A-8	<u>1,372.59</u>	
			<u>3,535,960.04</u>
			3,537,557.82
Decreased by:			
Payments	A-4		<u>3,537,557.82</u>
Balance - December 31, 2017	A		<u><u> </u></u>

Borough of Lincoln Park, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2017

<u>Liabilities and Reserves</u>	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2017</u>
<u>Liabilities:</u>				
Tax Overpayments	750.00	39,588.58	40,338.58	
Sewer Rent Overpayments	6,487.60	5,423.97	6,487.60	5,423.97
Outside Liens		487,963.85	487,963.85	
Due to State of New Jersey:				
Construction Code Surcharge	4,957.00	7,611.00	10,538.00	2,030.00
Marriage License Surcharge	275.00	1,825.00	1,550.00	550.00
<u>Reserves for:</u>				
Sale of Borough Property	176,631.37			176,631.37
Revaluation	17,149.81			17,149.81
Storm Related Costs	425,369.02	69,617.93	72,522.37	422,464.58
Flood Buy Outs	4,394.34	1,000,179.00	1,004,279.00	294.34
Tax Appeals		60,000.00	60,000.00	
	<u>636,014.14</u>	<u>1,672,209.33</u>	<u>1,683,679.40</u>	<u>624,544.07</u>
	A			A
	<u>Ref.</u>			
2017 Budget Appropriation	A-3	60,000.00		
Receipts	A-4	1,612,209.33		
Disbursed	A-4		1,677,191.80	
Applied to Sewer Receivable	A-12		6,487.60	
		<u>1,672,209.33</u>	<u>1,683,679.40</u>	

Borough of Lincoln Park, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	Budget Revenue	Received	Canceled	Balance, Dec. 31, 2017
Federal Grants:					
Stormwater Management Grant	2,552.00				2,552.00
Hazard Mitigation - Energy Allocation Initiative	50,000.00				50,000.00
NJ Transportation Trust - Safe Routes to Schools	200,000.00				200,000.00
NJ Transportation Trust - Safe Streets to Transit	56,250.00		56,250.00		
Distracted Driving		4,620.00	4,620.00		
NJ Green Communities	3,000.00		3,000.00		
	<u>311,802.00</u>	<u>4,620.00</u>	<u>63,870.00</u>		<u>252,552.00</u>
State Grants:					
Alcohol Education & Rehab Grant		3,251.87	3,251.87		
Body Armor Grant		2,344.57	2,344.57		
Municipal Alliance on Alcoholism and Drug Abuse		21,298.00	9,820.62	828.38	10,649.00
Recycling Tonnage Grant		19,183.21	19,183.21		
Clean Communities		48,592.32	48,592.32		
Drunk Driving Enforcement Fund		4,316.94	4,316.94		
Shaping NJ	10,000.00		10,000.00		
NJ Transportation Trust - Pinebrook	55,000.00				55,000.00
NJ Transportation Trust - Ryerson Rd	28,750.00			28,750.00	
NJ Transportation Trust - Park Ave	172,500.00				172,500.00
NJDEP State Flood Control	150,000.00				150,000.00
	<u>416,250.00</u>	<u>98,986.91</u>	<u>97,509.53</u>	<u>29,578.38</u>	<u>388,149.00</u>
	<u>728,052.00</u>	<u>103,606.91</u>	<u>161,379.53</u>	<u>29,578.38</u>	<u>640,701.00</u>
	A	A-2		A-25	A
		<u>Ref.</u>			
Cash Receipts		A-4	131,312.28		
Transferred from Unappropriated Reserves		A-24	<u>30,067.25</u>		
			<u>161,379.53</u>		

Borough of Lincoln Park, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	Transfer From 2017 Budget	Expended	Canceled	Balance, Dec. 31, 2017
Local Grants:					
NJHOA - H1N1	2,814.70				2,814.70
Municipal Alliance on Alcoholism and Drug Abuse	209.88	5,325.25	2,651.56		2,883.57
	<u>3,024.58</u>	<u>5,325.25</u>	<u>2,651.56</u>		<u>5,698.27</u>
Federal Grants:					
Drive Sober or Get Pulled Over	10,000.00				10,000.00
Distracted Driving		4,620.00			4,620.00
CDBG - Water Booster Station	1,677.62				1,677.62
CDBG - Water Booster Station	120.00				120.00
NJ Transportation Trust - Safe Routes to Schools	194,560.00		1,200.00		193,360.00
Hazard Mitigation - Energy Allocation Initiative	42,330.00		(7,670.00)		50,000.00
Pandemic Influenza Phase II	9,074.38				9,074.38
Stormwater Management Grant	647.32				647.32
Domestic Violence Grant	641.11				641.11
	<u>259,050.43</u>	<u>4,620.00</u>	<u>(6,470.00)</u>		<u>270,140.43</u>
State Grants:					
Drunk Driving Enforcement Fund	7,508.93	4,316.94	2,830.78		8,995.09
DEP Recycling Enhancement Grant	4,037.50				4,037.50
Body Armor Replacement Grant	8,975.34	2,344.57	1,750.00		9,569.91
Municipal Alliance on Alcoholism and Drug Abuse	800.00	21,298.00	10,620.62	828.38	10,649.00
NJ Transportation Trust - Two Bridges Rd	12,984.07				12,984.07
NJ Transportation Trust - Beaver Brook Rd	28,884.77				28,884.77
NJ Transportation Trust - Two Bridges Rd	18,732.16				18,732.16
NJ Transportation Trust - Ryerson Rd	30,470.63		1,720.63	28,750.00	
NJ Transportation Trust - Park Ave	172,500.00				172,500.00
NJDEP State Flood Control	66,091.00		6,950.00		59,141.00
Clean Communities Grant	55,467.30	48,592.32	400.00		103,659.62
Recycling Tonnage Grant	73,210.22	19,183.21			92,393.43
Shaping NJ	15,680.34		12,076.20		3,604.14
Alcohol Education & Rehab Grant	5,864.12	3,251.87	2,844.00		6,271.99
	<u>501,206.38</u>	<u>98,986.91</u>	<u>39,192.23</u>	<u>29,578.38</u>	<u>531,422.68</u>
	<u>763,281.39</u>	<u>108,932.16</u>	<u>35,373.79</u>	<u>29,578.38</u>	<u>807,261.38</u>
	A		A-4	A-25	A
	<u>Ref</u>				
State and Federal Grants	A-3	103,606.91			
Matching Funds for Grants	A-3,A-4	<u>5,325.25</u>			
		<u>108,932.16</u>			

Borough of Lincoln Park, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Transfer To 2017 Budget</u>	<u>Received</u>	<u>Balance Dec. 31, 2017</u>
State Grants:				
Recycling Tonnage Grant			13,973.35	13,973.35
Body Armor Replacement Fund	2,344.57	2,344.57	2,347.94	2,347.94
Clean Communities	26,272.33	26,272.33		
Alcohol Education and Rehab Grant	1,450.35	1,450.35		
	<u>30,067.25</u>	<u>30,067.25</u>	<u>16,321.29</u>	<u>16,321.29</u>
	<u>30,067.25</u>	<u>30,067.25</u>	<u>16,321.29</u>	<u>16,321.29</u>
	A	A-22	A-4	A

Borough of Lincoln Park, N.J.

Schedule of Due From Current Fund

Federal and State Grant Fund

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	A		6,357.77
Increased by:			
Cash Disbursements	A-4	2,656.11	
Canceled Grants Receivable	A-22	<u>29,578.38</u>	
			<u>32,234.49</u>
			38,592.26
Decreased by:			
Cash Receipts	A-4	6,357.77	
Canceled Grant Reserves	A-23	<u>29,578.38</u>	
			<u>35,936.15</u>
Balance - December 31, 2017	A		<u><u>2,656.11</u></u>

Schedule of Due from Other Trust Fund

Federal and State Grant Fund

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	A		1,126.01
Decreased by:			
Cash Receipts	A-4		<u>1,126.01</u>
Balance - December 31, 2017	A		<u><u> </u></u>

Borough of Lincoln Park, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Animal Control Trust</u>	<u>Other Trust Funds</u>	<u>Payroll Fund</u>	<u>L.O.S.A.P.</u>
Balance - December 31, 2016	B	41,132.81	1,892,322.79	49,572.59	1,156,422.79
Increase by Receipts:					
Interfund - Current Fund	B-2		67,220.86	1,227.45	
Dog License Fees	B-4	19,483.17			
Due to State of NJ	B-5	1,404.60			
Other Trust Funds	B-6		967,035.23		
Municipal Open Space	B-7		141,258.55		
Payroll Deductions Payable	B-8			3,865,704.83	
Net Payroll	B-9			4,178,855.13	
Contributions Receivable	B-10				66,700.00
Net Assets Available for Benefits	B-11				83,190.57
Total Receipts		<u>20,887.77</u>	<u>1,175,514.64</u>	<u>8,045,787.41</u>	<u>149,890.57</u>
		<u>62,020.58</u>	<u>3,067,837.43</u>	<u>8,095,360.00</u>	<u>1,306,313.36</u>
Decreased by Disbursements:					
Interfund - Current Fund	B-2	13,261.61	58,203.40	695.74	
Reserve for Dog Expenditures	B-4	1,796.60			
Due to State of NJ	B-5	1,402.60			
Other Trust Funds	B-6		942,773.85		
Open Space	B-7		44,890.04		
Payroll Deductions Payable	B-8			3,863,093.99	
Net Payroll	B-9			4,178,855.13	
Net Assets Available for Benefits	B-11				153,412.48
Total Disbursements		<u>16,460.81</u>	<u>1,046,993.30</u>	<u>8,042,644.86</u>	<u>153,412.48</u>
Balance - December 31, 2017	B	<u>45,559.77</u>	<u>2,020,844.13</u>	<u>52,715.14</u>	<u>1,152,900.88</u>

Borough of Lincoln Park, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2017

	Due to/(from) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2017</u>
Dog License Trust	13,261.61	14,941.37	13,261.61	14,941.37
Other Trust	58,050.91	67,220.86	58,050.91	67,220.86
Other Trust Open Space		152.49		(152.49)
Payroll Fund	<u>(194.52)</u>	<u>695.74</u>	<u>1,227.45</u>	<u>337.19</u>
	<u>71,118.00</u>	<u>83,010.46</u>	<u>72,539.97</u>	<u>82,346.93</u>
	B			B
	<u>Ref.</u>			
Disbursed - Animal Control Trust	B-1		13,261.61	
Receipts - Other Trust Fund	B-1	67,220.86		
Disbursed - Other Trust Fund	B-1	152.49	58,050.91	
Receipts - Payroll Fund	B-1		1,227.45	
Disbursements - Payroll Fund	B-1	695.74		
Statutory Excess Due to Current Fund	B-4	14,941.37		
		<u>83,010.46</u>	<u>72,539.97</u>	

Exhibit B-3

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Other Trust Funds

Year Ended December 31, 2017

	Due to/(from) Balance <u>Dec. 31, 2016</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2017</u>
Grant Fund	<u>1,126.01</u>	<u>1,126.01</u>	<u> </u>
	<u>1,126.01</u>	<u>1,126.01</u>	<u> </u>
	B		B
Cash Disbursements	<u>Ref.</u> B-1	<u>1,126.01</u>	
		<u>1,126.01</u>	

Borough of Lincoln Park, N.J.

Reserve for Dog Fund Expenditures

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	B		27,871.20
Increased by:			
Collections			
Dog License Fees -2017		17,540.40	
Late Charge Fees		1,545.00	
Replacement Fee / Miscellaneous		<u>397.77</u>	
	B-1		<u>19,483.17</u>
			47,354.37
Decreased by:			
Expenditures R.S. 4:19-1511	B-1	1,796.60	
Statutory Excess Due to Current	B-2	<u>14,941.37</u>	
			<u>16,737.97</u>
Balance - December 31, 2017	B		<u><u>30,616.40</u></u>

License Fees Collected

<u>Year</u>	
2016	16,487.60
2015	<u>14,128.80</u>
	<u><u>30,616.40</u></u>

Borough of Lincoln Park, N.J.

Schedule of Due to State Department of Health

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	<u>1,404.60</u>
		1,404.60
Decreased by:		
Paid to State	B-1	<u>1,402.60</u>
Balance - December 31, 2017	B	<u><u>2.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Various Reserves and Other Trust Funds

Trust Funds

Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Reserve for:				
Escrow Deposits	368,882.32	170,217.88	149,614.49	389,485.71
Recycling	71,169.99	33,390.80	6,374.42	98,186.37
Special Law Enforcement	24,155.50	623.53		24,779.03
Resale for Set Aside Housing	112,331.43	909.46	4,800.00	108,440.89
Affordable Housing	1,781.81	28,758.39	17,980.09	12,560.11
Acorn One Set Aside Housing	33,083.11	273.10		33,356.21
Dare/Drug Alliance	6,657.96			6,657.96
POAA	1,596.79	72.00		1,668.79
Stormwater Management Contributions	98,872.80	700.42	88,000.00	11,573.22
Premiums on Tax Sale	272,000.00	191,500.00	137,000.00	326,500.00
Off Duty Police	25,262.50	454,850.00	449,462.50	30,650.00
Public Defender	4,906.37	3,030.00	4,779.12	3,157.25
Mobile Video Recorders	350.00			350.00
Unemployment	21,301.32	1,364.18	264.00	22,401.50
Municipal Donations	73,224.37	39,580.09	43,186.46	69,618.00
LOSAP	36,372.27			36,372.27
Food Pantry	22,913.05	15,949.44	14,611.90	24,250.59
Flex Spending	544.10	2,883.00	3,767.93	(340.83)
Tax Lien Redemptions		22,932.94	22,932.94	
	<u>1,175,405.69</u>	<u>967,035.23</u>	<u>942,773.85</u>	<u>1,199,667.07</u>
	B	B-1	B-1	B

Borough of Lincoln Park, N.J.
Reserve for Municipal Open Space
Trust Funds
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	657,740.18
Increased by:		
Collections		
2017 Tax Levy		135,404.77
2017 Added Taxes		52.49
Interest Earned		<u>5,801.29</u>
	B-1	<u>141,258.55</u>
		798,998.73
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>44,890.04</u>
Balance - December 31, 2017	B	<u><u>754,108.69</u></u>

Borough of Lincoln Park, N.J.

Schedule of Payroll Deductions Payable

Trust Funds

Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Federal Withholding Tax		808,564.13	808,564.13	
Social Security		919,753.63	919,753.63	
State Withholding Tax		221,710.36	221,710.36	
Unemployment Insurance		15,330.83	15,330.83	
PERS, PFRS, DCRP	49,436.11	1,433,251.82	1,430,844.48	51,843.45
Garnish		41,116.03	41,116.03	
P.B.A. Union Dues		10,220.00	10,220.00	
Union Dues	331.00	22,216.50	22,016.50	531.00
AFLAC		7,866.34	7,862.84	3.50
Med. Co-Pay		264,340.79	264,340.79	
Flexible Spending		2,883.00	2,883.00	
Deferred Compensation		37,500.00	37,500.00	
AXA		47,235.00	47,235.00	
Lincoln Financial		17,400.00	17,400.00	
Accident Insurance		16,316.40	16,316.40	
	<u>49,767.11</u>	<u>3,865,704.83</u>	<u>3,863,093.99</u>	<u>52,377.95</u>
	B	B-1	B-1	B

Schedule of Net Payroll

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by :		
Receipts	B-1	<u>4,178,855.13</u>
Decreased by :		
Disbursements	B-1	<u>4,178,855.13</u>

Borough of Lincoln Park, N.J.

Statement of Contributions Receivable

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	68,000.00
Increased by:		
Adjustment		(1,300.00)
Borough Contributions		<u>58,650.00</u>
	B-11	<u>57,350.00</u>
		125,350.00
Decreased by:		
Cash Receipts	B-1	<u>66,700.00</u>
Balance - December 31, 2017	B	<u><u>58,650.00</u></u>

Borough of Lincoln Park, N.J.

Statement of Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	1,224,422.79
Increased by:		
Borough Contributions	B-10	57,350.00
Appreciation	B-1	<u>83,190.57</u>
		<u>140,540.57</u>
		1,364,963.36
Decreased by:		
Withdrawals		150,564.47
Account Fees		<u>2,848.01</u>
	B-1	<u>153,412.48</u>
Balance - December 31, 2017	B	<u><u>1,211,550.88</u></u>

Borough of Lincoln Park, N.J.

Schedule of General Capital Cash - Treasurer

General Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	2,384,249.21
Increased by Receipts:		
Deferred Charges Unfunded	C-5	52,136.00
Capital Improvement Fund	C-9	325,000.00
Interfunds	C-10	98.33
		<u>377,234.33</u>
		2,761,483.54
Decreased by Disbursements:		
Improvement Authorizations	C-8	662,220.99
Interfunds	C-10	463.15
		<u>662,684.14</u>
Balance - December 31, 2017	C	<u><u>2,098,799.40</u></u>

Borough of Lincoln Park, N.J.

Exhibit C-3

Analysis of Cash

General Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Fund Balance	C-1	526,201.54
Capital Improvement Fund	C-9	736,016.00
Interfund Current Fund	C-10	71.47
Interfund Water Capital	C-10	(463.15)
Reserve for Debt Service	C-11	23,145.24

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1281	Various Capital Improvements	14,116.92
1309/1345/1371	Construction & Renovation to Borough Buildings	120,989.42
1327	Various Capital Improvements	901.37
1340	Various Capital Improvements	4,748.74
1353	Various Capital Improvements	16,478.50
1374	Various Capital Improvements	6,283.00
1450	Various Improvements and Acquisitions	(128,513.00)
1485	Refunding Tax Appeals	8,800.00
1489	Purchase of Fire Truck	35,769.04
1491	Various Improvements and Acquisitions	165.55
1508	Various Improvements and Acquisitions	26,805.41
1509	Purchase of Various Equipment	48.95
1520	Various Improvements and Acquisitions	228.80
1521	Various Improvements and Acquisitions	92,389.65
1548	Various Improvements and Acquisitions	8,092.37
1549	Various Improvements and Acquisitions	371,361.84
1561	Various Improvements and Acquisitions	34,352.78
1566	Various Improvements and Acquisitions	(8,726.04)
1573	Various Improvements and Acquisitions	209,535.00
		<hr/>
		C,C-2 <u>2,098,799.40</u>

Borough of Lincoln Park, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	22,074,250.00
Decreased by:		
2017 Budget Appropriation		
General Serial Bonds	C-6	570,000.00
Loan Program Bonds	C-7	<u>790,000.00</u>
		<u>1,360,000.00</u>
Balance - December 31, 2017	C	<u><u>20,714,250.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance, Dec. 31, 2016	2017 Authorizations	Cash Receipts	Balance, Dec. 31, 2017	Analysis of Balance Dec. 31, 2017	
						Expended	Unexpended Improvement Authorization
	<u>General Improvements:</u>						
1450	Various Improvements and Acquisitions	178,513.00		50,000.00	128,513.00	128,513.00	
1508	Various Improvements and Acquisitions	2,136.00		2,136.00			
1566	Various Improvements and Acquisitions	993,810.00			993,810.00	110,779.10	883,030.90
1573	Various Improvements and Acquisitions		853,000.00		853,000.00		853,000.00
		<u>1,174,459.00</u>	<u>853,000.00</u>	<u>52,136.00</u>	<u>1,975,323.00</u>	<u>239,292.10</u>	<u>1,736,030.90</u>
		C	C-9, C-12	C-2, C-12	C		C-8

Borough of Lincoln Park, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2017</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2016</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2017</u>
General Improvements	02/01/05	3,000,000.00	02/01/18-19 325,000.00 02/01/20-24 225,000.00	2.25%-4.00%	2,075,000.00	300,000.00	1,775,000.00
General Improvements	10/26/15	2,310,000.00	10/15/18-22 270,000.00 10/15/23-24 275,000.00	2.00%	2,170,000.00	270,000.00	1,900,000.00
					<u>4,245,000.00</u>	<u>570,000.00</u>	<u>3,675,000.00</u>
					C	C-4	C

Borough of Lincoln Park, N.J.

Schedule of Loan Program Bonds Payable

General Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance, Dec. 31, 2016	Balance, Dec. 31, 2017
			Date	Amount			
General Improvements	03/15/09	20,464,250.00	3/15/2018	805,000.00	2.00%-5.00%	2,445,000.00	1,655,000.00
			3/15/2019	850,000.00		790,000.00	
Refunding Loan Bonds	07/28/16	15,384,250.00	3/15/2020	955,000.00			
			3/15/2021	954,250.00			
			3/15/2022	1,110,000.00			
			3/15/2023	1,160,000.00			
			3/15/2024	1,220,000.00			
			3/15/2025	1,505,000.00			
			3/15/2026	1,565,000.00			
			3/15/2027	1,625,000.00			
			3/15/2028	1,690,000.00			
			3/15/2029	1,765,000.00			
		3/15/2030	1,835,000.00	4.00%	15,384,250.00	15,384,250.00	
						<u>17,829,250.00</u>	<u>17,039,250.00</u>
						C	C
						C-4	C

Borough of Lincoln Park, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance, Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance, Dec. 31, 2017	
		Funded	Unfunded			Funded	Unfunded
	<u>General Improvements:</u>						
1281	Various Capital Improvements Administration	12,204.90				12,204.90	
	Public Safety Building	31.30				31.30	
	Police Equipment and Improvements	1,880.71				1,880.71	
	Fire Department	0.01				0.01	
1309/1345/1371	Construction and Renovation to Borough Buildings	202,324.42			81,335.00	120,989.42	
1327	Various Capital Improvements Administration	901.37				901.37	
1340	Various Capital Improvements Administration	4,748.74				4,748.74	
1353	Various Capital Improvements Fire Department	1,407.13				1,407.13	
	Library	9,600.00				9,600.00	
	Miscellaneous	5,471.37				5,471.37	
1374	Various Capital Improvements Turnout Gear	3,524.00				3,524.00	
	Fire Rescue Rams	200.00				200.00	
	Fire Thermal Camera	2,559.00				2,559.00	
1467	Various Improvements and Acquisitions Acquisition of Leaf Vacuum	6,200.34			6,200.34		
1485	Refunding Tax Appeals	8,800.00				8,800.00	
1489	Purchase of Fire Truck	35,769.04				35,769.04	
1491	Various Improvements and Acquisitions Road Improvements	351.55			186.00	165.55	

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance, Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance, Dec. 31, 2017	
		Funded	Unfunded			Funded	Unfunded
1508	Various Improvements and Acquisitions DPW	24,669.41	2,136.00			26,805.41	
1509	Purchase of Various Equipment	84.28			35.33	48.95	
1520	Various Improvements and Acquisitions Fire Department	228.80				228.80	
1521	Various Improvements and Acquisitions DPW Vehicles	116,500.00			114,702.50	1,797.50	
	Backhoe & Equipment	32,422.00			1,006.92	31,415.08	
	Road Improvements	52,633.89				52,633.89	
	Power Lift System	6,543.18				6,543.18	
1548	Various Improvements and Acquisitions Police	286.45				286.45	
	Park Improvements	7,805.92				7,805.92	
1549	Various Improvements and Acquisitions DPW Vehicles	115,461.00			115,461.00		
	Road Improvements	166,774.06			15,630.80	151,143.26	
	Fire Department	4,472.56				4,472.56	
	Rescue Truck	215,746.02				215,746.02	
1561	Various Improvements and Acquisitions First Aid Squad	9,352.78				9,352.78	
	Lanes Field Improvements	15,000.00				15,000.00	
	DPW Vehicles	123,511.60			123,511.60		
	Sewer Station Improvements	10,000.00				10,000.00	

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance, Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance, Dec. 31, 2017	
		Funded	Unfunded			Funded	Unfunded
1566	Various Improvements and Acquisitions						
	Fire Engines	40,050.00	226,950.00			40,050.00	226,950.00
	Fire Department	7,950.00	45,050.00		53,000.00		
	DPW Vehicles	28,440.00	161,160.00		41,006.40		148,593.60
	Sewer Vacuum	15,810.00	89,590.00			15,810.00	89,590.00
	Ambulance	16,500.00	93,500.00			16,500.00	93,500.00
	Road Improvements	41,093.06	292,900.00		11,400.00	29,693.06	292,900.00
	Park Improvements	947.40	35,700.00		5,647.40		31,000.00
	IT Equipment	8,640.00	48,960.00		57,102.70		497.30
1573	Various Improvements and Acquisitions						
	Acquisition of Rescue Truck			467,500.00	3,375.00	66,750.00	397,375.00
	Fire Department Equipment			20,000.00		20,000.00	
	Ambulance			154,000.00		23,100.00	130,900.00
	Police SUV			40,000.00	32,620.00	7,380.00	
	Playground Improvements			30,000.00		30,000.00	
	Park Improvements			95,700.00		14,355.00	81,345.00
	Road Improvements			286,330.00		42,950.00	243,380.00
	Road Paving			5,000.00		5,000.00	
		<u>1,356,896.29</u>	<u>995,946.00</u>	<u>1,098,530.00</u>	<u>662,220.99</u>	<u>1,053,120.40</u>	<u>1,736,030.90</u>
		C	C		C-2	C	C
	Deferred Charges to Future Taxation - Unfunded		Ref.				
			C-5	853,000.00			
	Capital Improvement Fund		C-9	245,530.00			
				<u>1,098,530.00</u>			

Borough of Lincoln Park, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	656,546.00
Increased by:		
Budget Appropriation	C-2	<u>325,000.00</u>
		981,546.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>245,530.00</u>
Balance - December 31, 2017	C, C-3	<u><u>736,016.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2016</u>	<u>Increases by</u>	<u>Decreased by</u>	Due From/(To) Balance <u>Dec. 31, 2017</u>
Current Fund	C	26.86		98.33	(71.47)
Water Capital Fund	C		463.15		463.15
		<u>26.86</u>	<u>463.15</u>	<u>98.33</u>	<u>391.68</u>
	<u>Ref.</u>				
Cash Receipts	C-2			98.33	
Cash Disbursements	C-2		<u>463.15</u>		
			<u>463.15</u>	<u>98.33</u>	

Exhibit C-11

Borough of Lincoln Park, N.J.

Reserve for Debt Service

General Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	<u>23,145.24</u>
Balance - December 31, 2017	C, C-3	<u>23,145.24</u>

Borough of Lincoln Park, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2017</u>
	<u>General Improvements:</u>				
1450	Various Improvements and Acquisitions	178,513.00		50,000.00	128,513.00
1508	Various Improvements and Acquisitions	2,136.00		2,136.00	
1566	Various Improvements and Acquisitions	993,810.00			993,810.00
1573	Various Improvements and Acquisitions		853,000.00		853,000.00
		<u>1,174,459.00</u>	<u>853,000.00</u>	<u>52,136.00</u>	<u>1,975,323.00</u>
			C-5	C-5	Footnote C

Borough of Lincoln Park, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2016	D	<u>1,101,590.45</u>	<u>450,693.94</u>
Increased by Receipts:			
Interest on Investments	D-3	15,629.26	
Other Miscellaneous	D-3	11,769.30	
Late Payment Penalties	D-3	13,198.65	
Consumer Accounts Receivable	D-8	2,166,453.17	
Grants Receivable	D-9	144,000.00	
Water Rent Overpayments	D-17	1,872.26	
Interfunds	D-13,D-18	7,765.14	33,389.10
Capital Improvement Fund	D-25		<u>75,000.00</u>
		<u>2,360,687.78</u>	<u>108,389.10</u>
		<u>3,462,278.23</u>	<u>559,083.04</u>
Decreased by Disbursements:			
Refund of Prior Year Revenue	D-1	1,435.65	
Budget Appropriations	D-4	2,241,145.40	
Appropriation Reserves	D-14	274,424.98	
Water Rent Overpayments	D-17	7,582.98	
Accrued Interest on Bonds	D-19	47,788.26	
Interfunds	D-13,D-18	56,655.12	416.86
Grant Reserves	D-20	160,000.00	
Improvement Authorizations	D-23		69,896.44
Reserve for Pump Station Improvements	D-24		<u>5,902.00</u>
		<u>2,789,032.39</u>	<u>76,215.30</u>
Balance - December 31, 2017	D	<u><u>673,245.84</u></u>	<u><u>482,867.74</u></u>

Exhibit D-6

Borough of Lincoln Park, N.J.

Schedule of Change Funds

Water Utility Fund

Year Ended December 31, 2017

<u>Office</u>	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2017</u>
Water Utility Collector	250.00	250.00
	D	D

Exhibit D-7

Schedule of Water Utility Capital Cash

Water Utility Fund

Year Ended December 31, 2017

	<u>Ref.</u>	Balance <u>Dec. 31, 2017</u>
Fund Balance	D-2	42,098.58
Interfund - Water Operating	D-13	(416.86)
Interfund - General Capital Fund	D-13	463.15
Reserve for Pump Station Repairs	D-24	25,774.40
Capital Improvement Fund	D-25	214,709.29
 <u>Improvement Authorizations</u>		
<u>Ordinance</u>		
<u>Number</u>		
1303	Water Main Extension	20,490.92
1341	Water Tie-In	18,790.35
1352	Acquisition of Dump Truck	36.39
1375	Various Water Utility Improvements	1,073.06
1409	Various Water Utility Improvements	902.46
1486	Purchase of Water Meters	73,531.00
1526	Various Water Utility Improvements	(750.00)
1550	Improvements to Pump Station	65,000.00
1562	Various Water Utility Improvements	21,165.00
	D	<u>482,867.74</u>

Exhibit D-8

Borough of Lincoln Park, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Water Rents	214,012.01	2,165,929.17	2,105,351.45	274,589.73
Sprinklers	4,818.72	58,769.50	56,237.44	7,350.78
Hydrants	408.21	5,760.00	4,864.28	1,303.93
	<u>219,238.94</u>	<u>2,230,458.67</u>	<u>2,166,453.17</u>	<u>283,244.44</u>
	D		D-5	D

Exhibit D-9

Borough of Lincoln Park, N.J.
Schedule of Grants Receivable
Water Utility Operating Fund
Year Ended December 31, 2017

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
HMPG Aqueduct Pump Grant	50,000.00		50,000.00	
CDBG Water Main Grant	160,000.00	144,000.00		16,000.00
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>210,000.00</u>	<u>144,000.00</u>	<u>50,000.00</u>	<u>16,000.00</u>
		D-3	D-20	D

Exhibit D-10

Borough of Lincoln Park, N.J.
Schedule of Prepaid Expenses
Water Utility Operating Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	6,268.75
Decreased by:		
Prepayment Applied	D-1,D-4	<u>6,268.75</u>
Balance - December 31, 2017	D	<u><u> </u></u>

Borough of Lincoln Park, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2017

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Acquisition of Equipment and Vehicles	20,000.00		20,000.00
Land	4,525.49		4,525.49
Distribution Mains and Accessories	745,242.02		745,242.02
Service Pipes and Stops	57,530.69		57,530.69
Hydrants	40,272.27		40,272.27
Chemical Treatment Plant	29,482.92		29,482.92
Erie - Lackawanna Crossing	11,000.00		11,000.00
Beaverbrook Dam Crossing	10,450.00		10,450.00
Stand Pipe	103,500.50		103,500.50
Test Wells	18,521.69		18,521.69
Meters	66,882.33		66,882.33
Pumps	17,083.57		17,083.57
Other Costs	49,558.50		49,558.50
Legal Expense	19,442.36		19,442.36
Interest During Construction	44,348.00		44,348.00
Engineering	138,214.93		138,214.93
General Equipment	8,350.90		8,350.90
Transportation Equipment	15,094.01		15,094.01
Acquisition of Mountain View Water Works	76,000.00		76,000.00
Acquisition of Charles M. Evans Development	13,000.00		13,000.00
Acquisition of Harris Water Co.	5,504.57		5,504.57
Water Exploration and Test Drilling	15,000.00		15,000.00
Water Demand Pump and Pump Control System	10,000.00		10,000.00
Acquisition of Water Utility Van	10,000.00		10,000.00
Reconstruction and Improvement of Water Utility System	893,805.28		893,805.28
Expansion of Water Lines	170,000.00		170,000.00
Acquisition of Maintenance Equipment and Water Meters	1,162,086.37		1,162,086.37
Bog and Vly Street Construction	132,000.00		132,000.00
Various Water Utility Improvements	1,011,065.00	55,000.00	1,066,065.00
Water Main Extensions	150,000.00		150,000.00
	<u>5,047,961.40</u>	<u>55,000.00</u>	<u>5,102,961.40</u>
	D	D-12	D

Borough of Lincoln Park, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Operating Fund

Year Ended December 31, 2017

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance, Dec. 31, 2016</u>	<u>Costs to</u>	
					<u>Fixed Capital</u>	<u>Balance, Dec. 31, 2017</u>
1303	Water Main Extension	04/21/03	110,000.00	110,000.00		110,000.00
1341	Water Tie-In	05/16/05	155,000.00	155,000.00		155,000.00
1352	Acquisition of Dump Truck	03/20/06	55,000.00	55,000.00		55,000.00
1375	Various Capital Improvements	03/19/07	130,000.00	90,435.00		90,435.00
1409	Various Capital Improvements	11/17/08	710,400.00	28,800.00		28,800.00
1486	Purchase of Water Meters	07/02/12	500,000.00	500,000.00		500,000.00
1507	Various Capital Improvements	08/19/13	385,000.00	55,000.00	55,000.00	
1550	Improvement to Pump Station	09/21/15	65,000.00	65,000.00		65,000.00
1562	Various Capital Improvements	06/20/16	50,000.00	50,000.00		50,000.00
				1,109,235.00	55,000.00	1,054,235.00
				D	D-11	D

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Water Utility Capital Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance			Due From/(To) Balance	
		<u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2017</u>	
Water Operating	D	32,925.95	416.86	32,925.95	416.86	
General Capital	D		463.15		(463.15)	
		<u>32,925.95</u>	<u>880.01</u>	<u>32,925.95</u>	<u>(46.29)</u>	
Cash Receipts	D-5		463.15	32,925.95		
Cash Disbursements	D-5		416.86			
			<u>880.01</u>	<u>32,925.95</u>		

Borough of Lincoln Park, N.J.

Schedule of 2016 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Balance, Dec. 31, 2016</u>	<u>Balance after Transfers and Encumbrances</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	60,260.66	60,260.66		60,260.66
Other Expenses	219,269.56	358,221.13	288,483.03	69,738.10
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>11,675.92</u>	<u>11,675.92</u>		<u>11,675.92</u>
	<u>291,206.14</u>	<u>430,157.71</u>	<u>288,483.03</u>	<u>141,674.68</u>
	D			D-1
	<u>Ref.</u>			
Appropriation Reserves	above	291,206.14		
Transfer from Reserve				
for Encumbrances	D-15	<u>138,951.57</u>		
		<u>430,157.71</u>		
Cash Disbursements	D-5		274,424.98	
Transfer to Accounts Payable	D-16		<u>14,058.05</u>	
			<u>288,483.03</u>	

Exhibit D-15

Borough of Lincoln Park, N.J.

Schedule of Reserve for Encumbrances

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	138,951.57
Increased by:		
Charges Against Current Year Appropriations	D-4	<u>130,699.03</u>
		269,650.60
Decreased by:		
Transferred to Appropriation Reserves	D-14	<u>138,951.57</u>
Balance - December 31, 2017	D	<u><u>130,699.03</u></u>

Exhibit D-16

Borough of Lincoln Park, N.J.
Schedule of Accounts Payable
Water Utility Operating Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by:		
Transferred from Appropriation Reserves	D-14	<u>14,058.05</u>
Balance - December 31, 2017	D	<u><u>14,058.05</u></u>

Borough of Lincoln Park, N.J.

Schedule of Water Rent Overpayments

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	7,582.98
Increased by:		
Cash Receipts	D-5	<u>1,872.26</u>
		9,455.24
Decreased by:		
Cash Disbursements	D-5	<u>7,582.98</u>
Balance - December 31, 2017	D	<u><u>1,872.26</u></u>

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Water Utility Operating Fund

Year Ended December 31, 2017

	Due to/(from) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2017</u>
Current Fund	23,729.17	7,348.28	23,729.17	7,348.28
Water Capital Fund	<u>32,925.95</u>	<u>416.86</u>	<u>32,925.95</u>	<u>416.86</u>
	<u>56,655.12</u>	<u>7,765.14</u>	<u>56,655.12</u>	<u>7,765.14</u>
	D			D
	<u>Ref.</u>			
Receipts	D-5	7,765.14		
Disbursed	D-5		<u>56,655.12</u>	
		<u>7,765.14</u>	<u>56,655.12</u>	

Borough of Lincoln Park, N.J.

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	11,275.19
Increased by:		
Budget Appropriation for Interest on Bonds	D-4	<u>47,789.00</u>
		59,064.19
Decreased by:		
Interest Paid	D-5	<u>47,788.26</u>
Balance - December 31, 2017	D	<u><u>11,275.93</u></u>

Borough of Lincoln Park, N.J.

Schedule of Grants Reserves

Water Utility Operating Fund

Year Ended December 31, 2017

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Disbursed</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2017</u>
HMPG Aqueduct Pump Grant	50,000.00		50,000.00	
CDBG Water Main Grant	160,000.00	160,000.00		
	<u>210,000.00</u>	<u>160,000.00</u>	<u>50,000.00</u>	
		D-5	D-9	D

Borough of Lincoln Park, N.J.

Schedule of Water Utility Bonds Payable

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance, Dec. 31, 2016	Decreased	Balance, Dec. 31, 2017
			Date	Amount				
Water Improvements	10/26/15	1,855,000.00	10/15/18-21	95,000.00				
			10/15/22-26	185,000.00				
			10/15/27-28	180,000.00	2% ⁶ -2.375%	1,760,000.00	95,000.00	1,665,000.00
					<u>1,760,000.00</u>	<u>95,000.00</u>	<u>1,665,000.00</u>	
					D	D-26	D	

Borough of Lincoln Park, N.J.

Schedule of Loan Program Bonds Payable

Water Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017	Interest Rate	Balance, Dec. 31, 2016	Decreased	Balance, Dec. 31, 2017
Water Improvements	03/15/09	465,750.00	3/15/2018 50,000.00	2.00%-5.00%	150,000.00	50,000.00	100,000.00
			3/15/2019 50,000.00				
Refunding Loan Program Bonds	07/28/16	150,750.00	3/15/2020 50,000.00	4.00%	150,750.00		150,750.00
			3/15/2021 100,750.00				
					300,750.00	50,000.00	250,750.00
					D	D-26	D

Borough of Lincoln Park, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2016		Paid or Charged	Balance Dec. 31, 2017	
				Funded	Unfunded		Funded	Unfunded
1303	Water Main Extension	04/21/03	110,000.00	24,765.00		4,274.08	20,490.92	
1341	Water Tie-In	05/16/05	155,000.00	29,265.99		10,475.64	18,790.35	
1352	Acquisition of Dump Truck	03/20/06	55,000.00	36.39			36.39	
1375	Various Improvements	03/19/07						
	Rosenbrook Pump Station		90,435.00	1,073.06			1,073.06	
1409	Various Improvements	11/17/08						
	Utility Van		28,800.00	902.46			902.46	80.00
1486	Purchase of Water Meters	07/02/12	500,000.00	98,246.00		24,715.00	73,531.00	
1507	Various Improvements	08/19/13						
	Acquisition of Generator		55,000.00	1,596.72		1,596.72		
1550	Improvements to Pump Station	09/21/15	65,000.00	65,000.00			65,000.00	
1562	Various Improvements	06/20/16						
	Pump Stations		20,000.00	20,000.00			20,000.00	
	Main Street Phase I		30,000.00	30,000.00		28,835.00	1,165.00	
				<u>270,885.62</u>	<u>80.00</u>	<u>69,896.44</u>	<u>200,989.18</u>	<u>80.00</u>
				D	D	D-5	D	D

Borough of Lincoln Park, N.J.

Schedule of Reserve for Pump Station Repairs

Water Utility Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	31,676.40
Decreased by:		
Cash Disbursements	D-5	<u>5,902.00</u>
Balance - December 31, 2017	D	<u><u>25,774.40</u></u>

Borough of Lincoln Park, N.J.
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	139,709.29
Increased by:		
Transfer from Budget		
Appropriation	D-5	<u>75,000.00</u>
Balance - December 31, 2017	D	<u><u>214,709.29</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2016	D	3,953,326.40
Increased by:		
Serial Bonds Payable	D-21	95,000.00
Loan Program Bonds Payable	D-22	50,000.00
Transfer from Deferred Reserve for Amortization	D-27	<u>5,500.00</u>
		<u>150,500.00</u>
Balance - December 31, 2017	D	<u><u>4,103,826.40</u></u>

Borough of Lincoln Park, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2016</u>	<u>Transferred to Reserve for Amortization</u>	<u>Balance, Dec. 31, 2017</u>
1303	Water Main Extension	04/21/03	5,500.00		5,500.00
1341	Water Tie-In	05/16/05	7,750.00		7,750.00
1352	Acquisition of Dump Truck	03/20/06	2,750.00		2,750.00
1375	Various Improvements	03/19/07	4,350.00		4,350.00
1409	Various Improvements	11/17/08	1,440.00		1,440.00
1507	Various Improvements	08/19/13	5,500.00	5,500.00	
1550	Improvements to Pump Station	09/21/15	65,000.00		65,000.00
1562	Various Improvements	06/20/16	50,000.00		50,000.00
			<u>142,290.00</u>	<u>5,500.00</u>	<u>136,790.00</u>
			D	D-26	D

Exhibit D-28

Borough of Lincoln Park, N.J.

Schedule of Bonds and Notes Authorized but not Issued

Water Utility Capital Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2016</u>	<u>Balance, Dec. 31, 2017</u>
1409	Various Improvements	80.00	80.00
1526	Various Improvements	750.00	750.00
		<hr/>	<hr/>
		830.00	830.00
		<hr/> <hr/>	<hr/> <hr/>
			Footnote D

Exhibit E-1

Borough of Lincoln Park, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2016	E	6,842.63	6,513.33	329.30
Increased by Receipts:				
Other Receipts	E-3	<u>56.45</u>	<u>53.75</u>	<u>2.70</u>
		<u>6,899.08</u>	<u>6,567.08</u>	<u>332.00</u>
Decreased by:				
Disbursements	E-3	<u>2.00</u>	<u>1.90</u>	<u>0.10</u>
		<u>2.00</u>	<u>1.90</u>	<u>0.10</u>
Balance - December 31, 2017	E	<u><u>6,897.08</u></u>	<u><u>6,565.18</u></u>	<u><u>331.90</u></u>

Exhibit E-2

Borough of Lincoln Park, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2017	E-1	6,897.08
Increased by:		
Cash Receipts Record		<u>14.08</u>
Balance - March 31, 2018		<u><u>6,911.16</u></u>

<u>Reconciliation - March 31, 2018</u>	<u>P.A.T.F. I</u> <u>Account</u>	<u>P.A.T.F. II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Statement of: Valley National Bank Checking	6,578.59	332.57	6,911.16
	<u>6,578.59</u>	<u>332.57</u>	<u><u>6,911.16</u></u>
Balance - March 31, 2018			<u><u>6,911.16</u></u>

Borough of Lincoln Park, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	E	6,842.63
Increased by Receipts:		
Cash Receipts Record	E-1	<u>56.45</u>
		6,899.08
Decreased by:		
Cash Disbursements	E-1	<u>2.00</u>
Balance - December 31, 2017	E	<u><u>6,897.08</u></u>

<u>Reconciliation - December 31, 2017</u>	<u>P.A.T.F. I</u> <u>Account</u>	<u>P.A.T.F. II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Statement of: Valley National	6,565.18	331.90	6,897.08
	<u>6,565.18</u>	<u>331.90</u>	<u><u>6,897.08</u></u>
Balance, December 31, 2017	<u><u>6,565.18</u></u>	<u><u>331.90</u></u>	<u><u>6,897.08</u></u>

Exhibit E-4

Borough of Lincoln Park, N.J.

Schedule of Revenues - Cash Basis

Public Assistance Fund

Year Ended December 31, 2017

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Interest Earned	<u>56.45</u>	<u>53.75</u>	<u>2.70</u>
Total Receipts	<u><u>56.45</u></u>	<u><u>53.75</u></u>	<u><u>2.70</u></u>

Exhibit E-5

Schedule of Expenditures - Cash Basis

Public Assistance Fund

Year Ended December 31, 2017

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Interfund Transfer	<u>2.00</u>	<u>1.90</u>	<u>0.10</u>
Total Disbursements	<u><u>2.00</u></u>	<u><u>1.90</u></u>	<u><u>0.10</u></u>

BOROUGH OF LINCOLN PARK

PART II

REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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

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

Honorable Mayor and
Members of the Borough Council
Borough of Lincoln Park
County of Morris, 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 Borough of Lincoln Park in the County of Morris as of and for the year ended December 31, 2017 and the related notes to the financial statements, and have issued our report thereon dated April 20, 2018, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Length of Service Awards Program not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Lincoln Park'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 Borough of Lincoln Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Lincoln Park'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 Borough 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.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Lincoln Park in the accompany comments and recommendations section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Lincoln Park'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 Borough of Lincoln Park 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 Borough of Lincoln Park internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Lincoln Park internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles J. Ferraioli

Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388

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

GENERAL COMMENTS

Contracts and Agreements

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

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010, the bid threshold was increased to \$36,000.00 with a qualified purchasing agent and on July 1, 2015, was increased to \$40,000.00 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500.00, 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 and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "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 paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough 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:

Replacement of Main Street Water Main

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

GENERAL COMMENTS, (continued)

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, Assessments and Water Charges

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

The governing body on January 3, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments and water charges:

RESOLVED, that interest will be charged at the rate of eight percent (8%) per annum on the first \$1,500.00 of all delinquent taxes, assessments and Borough charges and eighteen percent (18%) of any amounts over \$1,500.00 delinquency, except that no interest will be charged on taxes for the current quarter if the said taxes are paid within the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED that the interest rates shall revert to the percentages as aforesaid from the first day of any current quarter unless taxes for the same quarter are paid during the first ten days of such quarter.

BE IT FURTHER RESOLVED that a certified copy of this resolution be transmitted to the Collector of Taxes forthwith.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 11, 2017 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2017	14
2016	12
2015	13

GENERAL COMMENTS, (continued)

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices. In addition, we used analytical review procedures to satisfy the validity of the receivables.

The result of the test, which was made as of December 31, 2017, is not yet known but, a separate report will be rendered if any irregularities develop.

The foreclosed property list should be reviewed for a possible sale of property so such properties can be added to the tax rolls.

SCHOOL TAXES PAYABLE

The amount due to the local school district, as of December 31, 2017, was verified by the school secretary.

REVENUE

Receipts from licenses, fees, permits, etc., for all departments, including the Municipal Court, were checked to the extent deemed appropriate to the records maintained.

The amount charged for an electrical permit was not in agreement with the Borough's fee schedule.

EXPENDITURES

In connection with the expenditures, vouchers were examined to the extent deemed necessary to determine that the vouchers carried properly executed certifications as required by statute.

In some instances, purchases were made prior to the proper approval.

An examination was made of the employees' compensation records to determine that salaries were paid in conformity with amounts of salaries and wages authorized in the ordinance.

In some instances, police department timesheets did not contain proper approval.

In some instances, employee health benefit contributions are not being calculated correctly.

Payments made by the Borough's third-party provider were not verified.

OTHER

The analysis of General Capital Fund includes a cash deficit for an ordinance over 5 years old and there is a balance on the schedule of Deferred Charges to Future Taxation - Unfunded over 5 years old where the project has been completed. No recommendation is being made as the Borough is in the process of funding this through budget appropriations.

RECOMMENDATIONS

1. That the amount charged for electrical permits be in agreement with the Borough's fee schedule.
- *2. That all purchases be made only after proper approval.
3. That all police department timesheets contain proper approval.
4. That the employee's share of health benefits be calculated correctly for all employees.
5. That payments made by the Borough's third-party payroll provider be verified.

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call me.

Very truly yours,

Charles J. Ferraioli

Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388

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