

BOROUGH OF ELMWOOD PARK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2017

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BOROUGH OF ELMWOOD PARK

BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Elmwood Park
Elmwood Park, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Elmwood Park, as of December 31, 2017 and 2016, and the related statements 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed 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 Elmwood Park as of December 31, 2017 and 2016, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 15 percent and 12 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2017 and 2016.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Elmwood Park as of December 31, 2017 and 2016, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2017 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

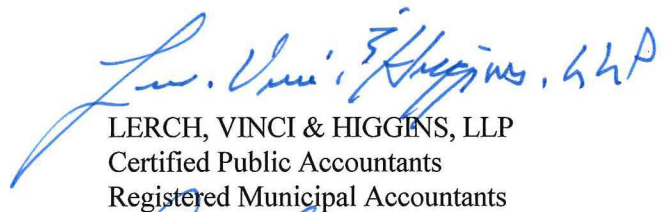
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Elmwood Park as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the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

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

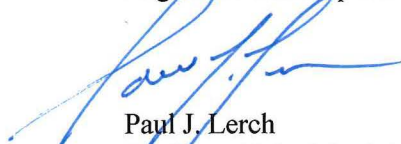
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2018 on our consideration of the Borough of Elmwood 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Elmwood Park's 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 Elmwood Park's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
August 14, 2018

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	A-4	\$ 11,238,993	\$ 10,243,791
Cash - Change Funds	A-5	850	850
Grants Receivable	A-7	<u>21,105</u>	<u>21,105</u>
		<u>11,260,948</u>	<u>10,265,746</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	581,965	537,957
Tax Title Liens Receivable	A-9	579,115	576,815
Property Acquired for Taxes - Assessed Valuation	A-10	23,450	23,450
Revenue Accounts Receivable	A-11	53,882	53,882
Due From General Capital Fund	C-10		83
Due From Other Trust Fund - TTL	B-14		2,270
Due From Other Trust Fund- Escrow	B-6	1,059	3,776
Due From Other Trust Fund- Alcohol Ed	B-7	4,823	
Due From Other Trust Fund- Payroll	B-15	<u>6,404</u>	<u>-</u>
		<u>1,250,698</u>	<u>1,198,233</u>
Total Assets		<u>\$ 12,511,646</u>	<u>\$ 11,463,979</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 1,142,885	\$ 1,448,590
Encumbrances Payable	A-13	666,918	727,047
Due to LOSAP- Plan Assets	A-22	102,752	102,752
Due to State of New Jersey- Senior Citizens' and Veterans' Deductions	A-6	74,421	67,921
Due to Other Trust Fund - Reserve for Accumulated Absences	B-7		198,989
Due to General Capital Fund	C-10	36	
Prepaid Taxes	A-14	1,269,003	335,582
Due County for Added Taxes	A-18	6,466	14,655
Miscellaneous Reserves	A-19	1,492,224	1,628,212
Appropriated Grant Reserves	A-21	55,727	52,424
Unappropriated Grant Reserves	A-20	114,368	99,889
Tax Overpayments	A-15	<u>45,220</u>	<u>-</u>
		4,970,020	4,676,061
Reserve for Receivables	A	1,250,698	1,198,233
Fund Balance	A-1	<u>6,290,928</u>	<u>5,589,685</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 12,511,646</u>	<u>\$ 11,463,979</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ELMWOOD PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 3,575,000	\$ 3,575,000
Miscellaneous Revenue Anticipated	A-2	5,642,911	3,231,251
Receipts from Delinquent Taxes	A-2	533,056	671,939
Receipts from Current Taxes	A-2	59,336,553	57,768,111
Non-Budget Revenues	A-2	826,518	583,621
Other Credits to Income:			
Interfunds Returned	A		3,502
Unexpended Balance of Appropriation Reserves	A-12	1,428,003	996,731
		<u>71,342,041</u>	<u>66,830,155</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	9,043,512	8,535,701
Other Expenses	A-3	12,289,790	10,643,326
Capital Improvements	A-3	50,000	50,000
Municipal Debt Service	A-3	1,816,799	1,803,250
Deferred Charges and Statutory Expenditures	A-3	2,795,610	2,480,749
County Taxes	A-17	5,314,956	5,138,444
Amount Due County for Added and Omitted Taxes	A-18	6,466	14,655
Local District School Tax	A-16	35,737,258	34,724,466
Restore Alcohol Ed Grant Funds	A-1		21,609
Prior Year Senior and Veteran's Deductions Disallowed	A-6	5,250	4,750
Prior Year Interfunds Advanced - Net	A	6,157	6,129
		<u>67,065,798</u>	<u>63,423,079</u>
Excess in Revenue		4,276,243	3,407,076
Fund Balance, January 1	A	<u>5,589,685</u>	<u>5,757,609</u>
		9,865,928	9,164,685
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>3,575,000</u>	<u>3,575,000</u>
Fund Balance, December 31	A	<u>\$ 6,290,928</u>	<u>\$ 5,589,685</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Reference	Anticipated Budget	Special Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 3,575,000	-	\$ 3,575,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	22,000		24,847	\$ 2,847
Other	A-11	10,000		10,845	845
Fees and Permits	A-11	75,000		110,981	35,981
Fines and Costs					
Municipal Court	A-11	630,000		744,843	114,843
Interest and Costs on Taxes	A-11	110,000		123,670	13,670
Interest on Investments and Deposits	A-2	30,000		86,740	56,740
Energy Receipts Tax	A-11	1,335,917		1,335,917	-
Consolidated Municipal Property Tax Relief Act	A-11	125,987		125,987	-
Uniform Construction Code Fees	A-11	300,000		391,866	91,866
Uniform Fire Safety Act	A-11	51,378		48,678	(2,700)
Trunk Sewer Revenue	A-11	1,817,935		1,818,026	91
Safe and Secure Communities Program - Reserve	A-20	60,000		60,000	-
Body Armor Fund- Reserve	A-20	981		981	-
Alcohol Ed- Reserve	B-7	3,303		3,303	-
Recycling Tonnage Grant	A-7	27,244		27,244	-
Clean Communities Program - Reserve	A-20	38,908		38,908	-
Utility Operating Surplus of Prior Year	D-1	365,000		365,000	-
Reserve for Payment of Debt	C-6	325,075	-	325,075	-
 Total Miscellaneous Revenues	A-1	<u>5,328,728</u>	-	<u>5,642,911</u>	<u>\$ 314,183</u>
Receipts from Delinquent Taxes	A-2,A-8	<u>500,000</u>	-	<u>533,056</u>	<u>33,056</u>
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	18,104,777		19,780,586	1,675,809
Minimum Library Tax	A-2	<u>697,287</u>	-	<u>697,287</u>	-
Total Amount to Be Raised by Taxation	A	<u>18,802,064</u>	-	<u>20,477,873</u>	<u>1,675,809</u>
Budget Totals	A-3	<u>\$ 28,205,792</u>	<u>\$ -</u>	<u>\$ 30,228,840</u>	<u>\$ 2,023,048</u>
Non-Budget Revenues	A-2,A-1			<u>826,518</u>	
				<u>\$ 31,055,358</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ELMWOOD PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 59,336,553
Less: Allocated to School and County Taxes	A-18,A-17,A-16	<u>41,058,680</u>
		18,277,873
Add: Reserve for Uncollected Taxes	A-3	<u>2,200,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 20,477,873</u>
Interest on Investments and Deposits		
Cash Receipts	A-11	\$ 83,789
Due from General Capital Fund	C-10	372
Due from Other Trust Fund- Escrow	B-5	1,059
Due from Other Trust Fund- General	B-6	<u>1,520</u>
	A-2	<u>\$ 86,740</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ELMWOOD PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

	<u>Reference</u>	
ANALYSIS OF NON-BUDGET REVENUES		
Verizon Franchise Fees		\$ 160,437
Cable Franchise Fees		101,028
Hotel Franchise Tax		97,084
Police Outside Duty Administrative Fees		127,000
Division of Motor Vehicles		13,713
Bus Shelter		8,550
FEMA Reimbursements		287,652
Prior Year Refund- School Resource Officer		20,182
Other		<u>10,872</u>
		<u>\$ 826,518</u>
	Cash Receipts	A-2,A-4 \$ 820,114
	Due from Other Trust-Payroll	B-15 <u>6,404</u>
		<u>\$ 826,518</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances <u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 255,000	\$ 255,000	\$ 247,646	\$ 7,354	
Other Expenses	109,000	119,000	115,292	3,708	
Grant Consultant	36,000	36,000	34,085	1,915	
Mayor and Council					
Salaries and Wages	36,000	36,000	35,404	596	
Financial Administration					
Salaries and Wages	250,000	250,000	238,396	11,604	
Other Expenses	81,200	91,200	79,142	12,058	
Other Expenses - ADP Payroll Service	55,000	55,000	40,131	14,869	
Audit Services					
Other Expenses	60,000	60,000		60,000	
Revenue Administration (Tax Collection)					
Salaries and Wages	200,000	200,000	197,617	2,383	
Other Expenses	40,000	40,000	23,978	16,022	
Postage	40,000	40,000	33,647	6,353	
Tax Assessment Administration					
Salaries and Wages	85,000	85,000	70,214	14,786	
Other Expenses	35,000	35,000	10,847	24,153	
Legal Services and Costs					
Salaries and Wages	85,000	85,000	63,099	21,901	
Other Expenses	35,000	35,000	6,125	28,875	
Engineering Services and Costs					
Other Expenses	45,000	90,000	53,453	36,547	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	9,000	9,000	8,662	338	
Other Expenses	8,000	8,000	5,278	2,722	
Master Plan	20,000	20,000	-	20,000	
Zoning Board of Adjustment					
Salaries and Wages	10,000	10,000	7,094	2,906	
Other Expenses	15,000	15,000	8,628	6,372	
Council on Affordable Housing					
Other Expenses	45,000	45,000	44,523	477	
Municipal Court					
Salaries and Wages	235,000	235,000	170,773	64,227	
Other Expenses	25,000	25,000	13,765	11,235	
Public Defender					
Salaries and Wages	17,000	17,000	11,351	5,649	
INSURANCE					
General Liability	367,745	367,745	348,793	18,952	
Workers Compensation	417,435	417,435	417,435	-	
Group Insurance Plan for Employees	3,100,000	2,850,000	2,783,813	66,187	
Health Benefit Waiver	10,000	10,000	2,305	7,695	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balances</u> <u>Cancelled</u>
GENERAL APPROPRIATIONS					
OPERATIONS WITHIN "CAPS" (Cont'd.)					
PUBLIC SAFETY FUNCTIONS					
Department of Police					
Salaries and Wages-Regular	\$ 5,100,000	\$ 5,195,000	\$ 5,192,475	\$ 2,525	
Salaries and Wages-Crossing Guards	94,000	94,000	92,959		1,041
Salaries and Wages-Other Police Pers.	103,000	164,000	163,547		453
Other Expenses - Regular	325,000	355,000	328,335		26,665
Other Expenses - Clothing Allowance	52,000	52,000	521		51,479
Purchase of Police Vehicles	30,000	30,000	30,000		-
Police Dispatch/911					
Salaries and Wages	215,000	215,000	177,932		37,068
Office of Emergency Management					
Other Expenses	10,710	10,710	5,700		5,010
Aid to Volunteer Ambulance Companies					
First Aid Organization-Contribution	50,000	50,000	50,000		-
Ambulance Stipend	15,000	25,000	17,100		7,900
Fire Department					
Stipend Program	50,000	85,000	67,685		17,315
Other Expenses-Miscellaneous	170,000	170,000	151,380		18,620
Other Expenses-Clothing Allowance	57,222	57,222	49,644		7,578
Other Expenses-Rental of Firehouse	56,100	56,100	56,100		-
Uniform Fire Safety (Ch. 383, P.L. 1983)					
Salaries and Wages - Fire Official	75,000	75,000	74,728		272
Other Expenses	7,959	7,959	1,677		6,282
Municipal Prosecutor					
Prosecutor - Contractual	25,800	25,800	20,981		4,819
PUBLIC WORKS FUNCTION					
Streets and Roads Maintenance					
Salaries and Wages	1,240,000	1,275,000	1,258,187		16,813
Other Expenses	380,000	430,000	373,202		56,798
Other Public Works Functions					
Other Expenses - Traffic Lights	65,000	45,000	23,894		21,106
Shade Tree					
Other Expenses	6,000	6,000			6,000
Solid Waste Collection					
Salaries and Wages	81,612	84,112	83,941		171
Contract - Collections -Recycling	290,000	271,500	197,944		73,556
Contract - Collections - Solid Waste/Tipping Fees	1,180,000	1,180,000	1,141,509		38,491
Vehicle Maintenance					
Other Expense	78,000	78,000	56,915		21,085
HEALTH AND HUMAN SERVICES					
FUNCTIONS					
Board of Health					
Salaries and Wages	12,000	12,000	11,639		361
Other Expenses	65,000	75,000	65,624		9,376

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

GENERAL APPROPRIATIONS (Cont'd.) OPERATIONS WITHIN "CAPS" (Cont'd.)	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
HEALTH AND HUMAN SERVICES					
FUNCTIONS (Continued)					
Animal Control Services					
Other Expenses	\$ 30,000	\$ 30,000	\$ 28,277	\$ 1,723	
Veterans Services Bureau					
Other Expenses	4,200	4,200		4,200	
PARKS AND RECREATION FUNCTIONS					
Recreation Commission RS 40:12-1					
Salaries and Wages	390,000	390,000	388,939	1,061	
Other Expenses	125,000	125,000	94,018	30,982	
Senior Citizen Committee					
Other Expenses	28,000	28,000	27,848	152	
Maintenance of Parks					
Other Expenses	30,500	30,500	29,665	835	
OTHER COMMON OPERATING					
FUNCTIONS					
Celebration of Public Events					
Other Expenses	30,000	40,000	32,189	7,811	
CODE ENFORCEMENT AND					
ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries and Wages	245,000	245,000	226,136	18,864	
Other Expenses	90,000	110,000	94,775	15,225	
Rent Leveling					
Salaries and Wages	1,600	1,600		1,600	
Other Expenses	350	350		350	
UTILITY EXPENSES AND BULK					
PURCHASES					
Electricity and Gas	319,079	244,079	230,162	13,917	
Street Lighting	350,000	350,000	314,920	35,080	
Telephone/Communications	70,000	70,000	60,686	9,314	
Gasoline	200,000	140,000	118,566	21,434	-
Total Operations Within "CAPS"	17,474,512	17,474,512	16,411,296	1,063,216	-
Contingent	10,000	10,000	8,105	1,895	-
Total Operations including Contingent-Within "CAPS"	17,484,512	17,484,512	16,419,401	1,065,111	-
Detail:					
Salaries and Wages	8,775,012	9,043,512	8,809,405	234,107	-
Other Expenses	8,709,500	8,441,000	7,609,996	831,004	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances <u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS (Cont'd.)					
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 417,929	\$ 417,929	\$ 377,661	\$ 40,268	-
Police and Firemen's Retirement System	1,138,488	1,138,488	1,138,488	-	-
Public Employees Retirement System	<u>381,672</u>	<u>381,672</u>	<u>381,672</u>	<u>-</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,938,089</u>	<u>1,938,089</u>	<u>1,897,821</u>	<u>40,268</u>	<u>-</u>
Total General Appropriation for Municipal Purposes within "CAPS"	<u>19,422,601</u>	<u>19,422,601</u>	<u>18,317,222</u>	<u>1,105,379</u>	<u>-</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Sewerage Processing and Disposal Passaic Valley Sewer Commission					
Operating and Maintenance Costs and Debt Service	2,420,237	2,420,237	2,420,237	-	-
Landfill/Solid Waste Disposal Costs					
Recycling Tax	33,000	33,000	27,927	5,073	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library					
Other Expenses	697,287	697,287	697,287	-	
Total Other Operations Excluded from "CAPS"	<u>3,697,354</u>	<u>3,697,354</u>	<u>3,692,281</u>	<u>5,073</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Safe and Secure Communities Act-Police					
State Share	60,000	60,000	60,000	-	
Local Share	21,000	21,000	21,000	-	
Recycling Tonnage Grant	27,244	27,244	9,000	18,244	
Clean Communities Grant - Reserve	38,908	38,908	24,719	14,189	
Alcohol Ed	3,303	3,303	3,303	-	
Body Armor Replacement	<u>981</u>	<u>981</u>	<u>981</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>151,436</u>	<u>151,436</u>	<u>119,003</u>	<u>32,433</u>	<u>-</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
GENERAL APPROPRIATIONS (Cont'd.) OPERATIONS EXCLUDED FROM "CAPS" (Cont'd.)					
Total Operations Excluded from "CAPS"	\$ 3,848,790	\$ 3,848,790	\$ 3,811,284	\$ 37,506	-
Detail:					
Salaries and Wages	81,000	-	-	-	-
Other Expenses	3,767,790	3,848,790	3,811,284	37,506	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	50,000	50,000	50,000	-	-
Total Capital Improvement Fund - Excluded from "CAPS"	50,000	50,000	50,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,325,000	1,325,000	1,325,000	-	-
Interest on Bonds	203,825	203,825	203,825	-	-
Interest on Notes	29,781	29,781	29,781	-	-
Loan Repayments for Principal and Interest - EIT Loan	268,274	268,274	258,193	-	\$ 10,081
Total Municipal Debt Service - Excluded from "CAPS"	1,826,880	1,826,880	1,816,799	-	10,081
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
General Capital Deferred Charges Unfunded					
Ordinance #14-11/14-13	310,921	310,921	310,921	-	-
Ordinance #14-22	21,400	21,400	21,400	-	-
Ordinance #15-18/15-14	418,000	418,000	418,000	-	-
Ordinance #16-13	107,200	107,200	107,200	-	-
Total Deferred Charges - Excluded from "CAPS"	857,521	857,521	857,521	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	6,583,191	6,583,191	6,535,604	37,506	10,081
Subtotal General Appropriations	26,005,792	26,005,792	24,852,826	1,142,885	10,081
Reserve for Uncollected Taxes	2,200,000	2,200,000	2,200,000	-	-
Total General Appropriations	\$ 28,205,792	\$ 28,205,792	\$ 27,052,826	\$ 1,142,885	\$ 10,081
<u>Reference</u>	A-2			A	

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Expended Paid or Charged</u>
Budget as Adopted	A-2/A-3	<u>\$ 28,205,792</u>	
Cash Disbursements	A-4		\$ 24,182,605
Reserve for Uncollected Taxes	A-2		2,200,000
Appropriated Reserve- Alcohol Ed	A-21		3,303
Encumbrances Payable	A-13		<u>666,918</u>
			<u>\$ 27,052,826</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-1	\$ 27,400	\$ 19,008
Due from State of New Jersey	B-3	<u>156</u>	<u>161</u>
		<u>27,556</u>	<u>19,169</u>
OTHER TRUST FUND			
Cash	B-1	2,981,363	3,635,063
Due From Current Fund - Reserve for Accumulated Absences	B-7	<u>-</u>	<u>198,989</u>
		<u>2,981,363</u>	<u>3,834,052</u>
UNEMPLOYMENT TRUST FUND			
Cash	B-1	<u>196,284</u>	<u>196,180</u>
		<u>196,284</u>	<u>196,180</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	474,900	440,094
Contribution Receivable	B	3,500	22,400
Plan Assets Receivable	B	<u>89,684</u>	<u>90,947</u>
		<u>568,084</u>	<u>553,441</u>
Total Assets		<u>\$ 3,773,287</u>	<u>\$ 4,602,842</u>

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Pre-Paid Licenses	B-4	\$ 1,794	\$ 1,083
Reserve for Animal Control Expenditures	B-2	<u>25,762</u>	<u>18,086</u>
		<u>27,556</u>	<u>19,169</u>
OTHER TRUST FUND			
Multiple Dwelling Emergency Deposits	B-8	43,357	43,336
Other Deposits	B-9	2,359,195	2,991,524
Reserve for Recreation Expenditures	B-10	527,164	644,950
Reserve for Developer's Escrow Deposits	B-13	31,890	147,669
Reserve for Payroll Salary and Wages Payable	B-11, B-12	7,471	527
Due to Current Fund - TTL	B-14		2,270
Due to Current Fund - Other Trust	B-7	4,823	-
Due to Current Fund - Net Payroll	B-15	6,404	-
Due to Current Fund- Escrow	B-6	<u>1,059</u>	<u>3,776</u>
		<u>2,981,363</u>	<u>3,834,052</u>
UNEMPLOYMENT TRUST FUND			
Reserve for Unemployment Compensation Insurance	B-5	<u>196,284</u>	<u>196,180</u>
		<u>196,284</u>	<u>196,180</u>
LENGTH OF SERVICE AWARDS PROGRAM			
TRUST FUND (UNAUDITED)			
Net Position Available for Benefits	B	<u>568,084</u>	<u>553,441</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,773,287</u>	<u>\$ 4,602,842</u>

**BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	C-2,C-3	\$ 3,409,797	\$ 3,463,575
Grants Receivable	C-7	708,018	1,443,153
Infrastructure Loan Receivable	C-5	17,514	17,514
Due from Current Fund	C-10	36	
Deferred Charges to Future Taxation:			
Funded	C-4	8,676,421	10,206,507
Unfunded	C-8	<u>6,405,756</u>	<u>5,957,985</u>
 Total Assets		 <u>\$ 19,217,542</u>	 <u>\$ 21,088,734</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-14	\$ 6,335,000	\$ 7,660,000
NJ Infrastructure Loan Payable	C-15	2,341,421	2,546,507
Bond Anticipation Notes	C-16	5,088,000	4,285,000
Due to Current Fund	C-10		83
Contracts Payable	C-11	1,226,685	1,994,144
Reserve for Grants Receivable	C-7	658,918	1,050,113
Reserve for Payment of Bonds	C-6	432,846	757,921
Improvement Authorizations:			
Funded	C-13	593,127	636,495
Unfunded	C-13	1,509,664	1,080,690
Capital Improvement Fund	C-9	252,604	298,504
Fund Balance	C-1	<u>779,277</u>	<u>779,277</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 19,217,542</u>	 <u>\$ 21,088,734</u>

There were bonds and notes authorized but not issued of \$1,363,069 and \$1,672,985 at December 31, 2017 and 2016, respectively (Exhibit C-17).

BOROUGH OF ELMWOOD PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$ <u>779,277</u>	\$ <u>779,277</u>
Balance, December 31	C	\$ <u>779,277</u>	\$ <u>779,277</u>

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	D-5	\$ 4,537,237	\$ 4,018,960
Due from Water Utility Capital Fund	D-9	<u>156</u>	<u>16</u>
		<u>4,537,393</u>	<u>4,018,976</u>
Receivables and Inventory			
Consumer Accounts Receivable	D-7	768,454	121,041
Inventory	D-10	<u>500</u>	<u>500</u>
		<u>768,954</u>	<u>121,541</u>
Total Assets		<u>\$ 5,306,347</u>	<u>\$ 4,140,517</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	D-4, D-13	\$ 345,689	\$ 123,749
Encumbrances Payable	D-19	150,625	378,794
Accrued Interest on Bonds and Loans	D-14	<u>24,377</u>	<u>26,461</u>
		520,691	529,004
Reserve for Receivables	D	768,454	121,041
Reserve for Inventory	D	500	500
Fund Balance	D-1	<u>4,016,702</u>	<u>3,489,972</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,306,347</u>	<u>\$ 4,140,517</u>

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	D-5,D-6	\$ 3,069,009	\$ 2,827,807
Infrastructure Trust Loans Receivable	D-8	41,974	41,974
Fixed Capital	D-11	8,652,408	8,652,408
Fixed Capital Authorized and Uncompleted	D-24	<u>2,890,000</u>	<u>560,000</u>
 Total Assets		 <u>\$ 14,653,391</u>	 <u>\$ 12,082,189</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Infrastructure Loans Payable	D-21	\$ 2,329,828	\$ 2,576,472
Due to Water Utility Operating Fund	D-9	156	16
Reserve for Amortization	D-18	6,052,330	5,805,686
Deferred Reserve for Amortization	D-12	2,474,000	144,000
Reserve for Payment of Debt	D-22	335,000	335,000
Improvement Authorizations:			
Funded	D-15	77,513	77,513
Unfunded	D-15	187,916	351,424
Capital Improvement Fund	D-16	418,000	2,018,000
Contracts Payable	D-20	2,434,570	
Downpayments on Improvements	D-17	9,000	9,000
Fund Balance	D-2	<u>335,078</u>	<u>765,078</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 14,653,391</u>	 <u>\$ 12,082,189</u>

There were bonds and notes authorized but not issued of \$686,250 and \$686,250 at December 31, 2017 and 2016, respectively (Exhibit D-23).

BOROUGH OF ELMWOOD PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

REVENUE REALIZED	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Rents	D-3	\$ 3,721,726	\$ 3,617,324
Non-Budget Revenues	D-3	69,819	39,696
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-13	<u>221,376</u>	<u>84,125</u>
		<u>4,012,921</u>	<u>3,741,145</u>
 EXPENDITURES			
Budget Expenditures:			
Operations			
Salaries and Wages	D-4	497,000	317,000
Other Expenses	D-4	1,976,228	2,055,000
Debt Service	D-4	297,963	288,280
Capital Improvement Fund	D-4	300,000	300,000
Deferred Charges and Statutory Expenditures	D-4	<u>50,000</u>	<u>50,000</u>
		<u>3,121,191</u>	<u>3,010,280</u>
Excess in Revenue		891,730	730,865
Fund Balance, January 1	D	<u>3,489,972</u>	<u>2,759,107</u>
		4,381,702	3,489,972
Decreased by:			
Utilized as Current Budgeted Revenue	A-2	<u>365,000</u>	<u>-</u>
Fund Balance, December 31	D	<u>\$ 4,016,702</u>	<u>\$ 3,489,972</u>

BOROUGH OF ELMWOOD PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	D	\$ 765,078	\$ 24,962
Increase by:			
Improvement Authorizations Cancelled	D-2	<u> -</u>	<u>740,116</u>
		<u>765,078</u>	<u>765,078</u>
Decreased by:			
Appropriated to Finance Improvement Authorization	D-15	<u>430,000</u>	<u> -</u>
Balance, December 31	D	<u>\$ 335,078</u>	<u>\$ 765,078</u>

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Reference</u>	<u>Anticipated</u>	<u>Revenues Realized</u>	<u>Excess or (Deficit)</u>
Rents	D-1, D-7	<u>\$ 3,131,295</u>	<u>\$ 3,721,726</u>	<u>\$ 590,431</u>
	D-1, D-4	<u>\$ 3,131,295</u>	<u>\$ 3,721,726</u>	<u>\$ 590,431</u>
Non-Budget Revenues	D-1, D-3		<u>69,819</u>	
			<u>\$ 3,791,545</u>	
ANALYSIS OF NON-BUDGET REVENUES				
Miscellaneous	D-5		\$ 18,270	
Interest on Investments	D-3		<u>51,549</u>	
	D-1		<u>\$ 69,819</u>	
ANALYSIS OF INTEREST ON INVESTMENTS				
Due From Water Capital Fund	D-9		\$ 1,131	
Cash Receipts	D-5		<u>50,418</u>	
	D-3		<u>\$ 51,549</u>	

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriations</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Canceled</u>
Operating					
Salaries and Wages	\$ 497,000	\$ 497,000	\$ 320,134	\$ 176,866	
Other Expenses	<u>1,976,228</u>	<u>1,976,228</u>	<u>1,842,885</u>	<u>133,343</u>	<u>-</u>
Total Operating	<u>2,473,228</u>	<u>2,473,228</u>	<u>2,163,019</u>	<u>310,209</u>	<u>-</u>
Debt Service					
Environmental Infrastructure Principal and Interest	<u>308,067</u>	<u>308,067</u>	<u>297,963</u>	<u>-</u>	<u>\$ 10,104</u>
Total Debt Service	<u>308,067</u>	<u>308,067</u>	<u>297,963</u>	<u>-</u>	<u>10,104</u>
Capital Improvements					
Capital Improvement Fund	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	<u>50,000</u>	<u>50,000</u>	<u>14,520</u>	<u>35,480</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	<u>50,000</u>	<u>50,000</u>	<u>14,520</u>	<u>35,480</u>	<u>-</u>
	<u>\$ 3,131,295</u>	<u>\$ 3,131,295</u>	<u>\$ 2,775,502</u>	<u>\$ 345,689</u>	<u>\$ 10,104</u>

Reference

D-3

D

D

Cash Disbursed	D-5	\$ 2,575,641
Encumbrances Payable	D-19	150,625
Accrued Interest	D-14	<u>49,236</u>
		<u>\$ 2,775,502</u>

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - GENERAL FIXED ASSETS ACCOUNT GROUP
REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Land	\$ 12,775,199	\$ 12,775,199
Land Improvements	744,485	576,747
Buildings and Improvements	7,593,282	7,593,282
Vehicles and Equipment	<u>9,474,171</u>	<u>9,608,895</u>
	<u>\$ 30,587,137</u>	<u>\$ 30,554,123</u>
 LIABILITIES		
Investment in General Fixed Assets	<u>\$ 30,587,137</u>	<u>\$ 30,554,123</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Elmwood Park (the "Borough") was incorporated in 1916 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. 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 requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Elmwood Park have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements 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 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.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the water utility fund. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Elmwood Park follows a modified accrual basis of accounting. 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 or permitted for municipalities by the Division (“regulatory basis of accounting”) 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:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - 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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. 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 December 31, 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 standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. 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 tax 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 (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - 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. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Utility Revenues/Receivables - Utility charges are levied quarterly based upon consumption. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - 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 as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (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 for interfunds and, therefore, does not recognize income in the year liquidated.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and 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.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with 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 cancelled 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, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. 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 are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Elmwood Park has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of two years.

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 sewerage and drainage systems are not capitalized.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

General Fixed Assets purchased after December 31, 2003 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2003 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water utility fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund
Water Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no 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. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 there were no increases and in 2016 the Borough Council increased the original budget by \$47,921 which was funded by additional aid allotted to the Borough. There were no increases in the water utility operating budget. In addition, the governing body approved several budget transfers during 2017 and 2016.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. **Cash Deposits**

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

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Borough's deposits were \$25,460,933 and \$24,405,234 and bank and brokerage firm balances of the Borough's deposits amounted to \$25,841,935 and \$24,503,106, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	\$ 25,301,899	\$ 23,967,619
Uninsured and Collateralized	540,036	535,487
	<u>\$ 25,841,935</u>	<u>\$ 24,503,106</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, the Borough's bank balances of \$540,036 and \$535,487 were exposed to custodial credit risk as follows:

	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 540,036</u>	<u>\$ 535,487</u>

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2017 and 2016, the Borough had the following investments:

	<u>Fair Value</u>
<u>2017</u>	
Investment:	
Length of Service Awards Program (Unaudited)	\$ <u>474,900</u>

	<u>Fair Value</u>
<u>2016</u>	
Investment:	
Length of Service Awards Program (Unaudited)	\$ <u>440,094</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2017 and 2016, \$474,900 and \$440,094 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2017</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>474,900</u>

	<u>Fair Value</u>
<u>2016</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>440,094</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest 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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Service.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Water Utility Capital Fund is assigned to the Water Utility Operating Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2017 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2017</u>			
Property Taxes	\$ 581,965		\$ 581,965
Tax Title Liens	579,115		579,115
Utility Charges and Fees	<u>-</u>	<u>\$ 768,454</u>	<u>768,454</u>
	<u>\$ 1,161,080</u>	<u>\$ 768,454</u>	<u>\$ 1,929,534</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

In 2017, the Borough collected \$533,056 and \$121,041 from delinquent taxes and utility charges and fees, which represented 48% and 100% of the delinquent tax and water charges receivable at December 31, 2016.

Receivables at December 31, 2016 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2016</u>			
Property Taxes	\$ 537,957		\$ 537,957
Tax Title Liens	576,815		576,815
Utility Charges and Fees	<u>-</u>	<u>\$ 121,041</u>	<u>121,041</u>
	<u>\$ 1,114,772</u>	<u>\$ 121,041</u>	<u>\$ 1,235,813</u>

In 2016, the Borough collected \$671,939 and \$147,305 from delinquent taxes and utility charges and fees, which represented 56% and 100% of the delinquent tax and water charges receivable at December 31, 2015.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 12,286	\$ 36	\$ 6,129	\$ 198,989
Trust Fund:				
Other Trust- Reserve for Accumulated Absences	-		198,989	
Other Trust Fund- TTL				2,270
Other Trust- Escrow		1,059		3,776
Other Trust Fund- General		4,823		
Other Trust Fund- Payroll		6,404		
General Capital Fund	36			83
Water Utility Fund:				
Operating	156		16	
Capital	<u>-</u>	<u>156</u>	<u>-</u>	<u>16</u>
 Total	 <u>\$ 12,478</u>	 <u>\$ 12,478</u>	 <u>\$ 205,134</u>	 <u>\$ 205,134</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues earned in one fund due to another fund.

The Borough expects all interfund balances to be liquidated within one year.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 6 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2017</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2016</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,269,823	\$ 3,575,000	\$ 5,568,580	\$ 3,575,000
Non-Cash Surplus	<u>21,105</u>	<u>-</u>	<u>21,105</u>	<u>-</u>
	<u>\$ 6,290,928</u>	<u>\$ 3,575,000</u>	<u>\$ 5,589,685</u>	<u>\$ 3,575,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 4,016,702		\$ 3,489,972	
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,016,702</u>	<u>\$ -</u>	<u>\$ 3,489,972</u>	<u>\$ -</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 7 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land	\$ 12,775,199			\$ 12,775,199
Land Improvements	576,747	\$ 167,738		744,485
Buildings and Building Improvements	7,593,282			7,593,282
Machinery and Equipment	<u>9,608,895</u>	<u>1,150,224</u>	<u>\$ 1,284,948</u>	<u>9,474,171</u>
	<u>\$ 30,554,123</u>	<u>\$ 1,317,962</u>	<u>\$ 1,284,948</u>	<u>\$ 30,587,137</u>
	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Land	\$ 12,775,199			\$ 12,775,199
Land Improvements	143,562	\$ 433,185		576,747
Construction in Progress	129,166	43,054	\$ 172,220	-
Buildings and Building Improvements	7,577,837	15,445		7,593,282
Machinery and Equipment	<u>9,247,559</u>	<u>463,566</u>	<u>102,230</u>	<u>9,608,895</u>
	<u>\$ 29,873,323</u>	<u>\$ 955,250</u>	<u>\$ 274,450</u>	<u>\$ 30,554,123</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 7 FIXED ASSETS (Continued)

B. Water Utility Fund Fixed Assets

The following is a summary of changes in the water capital utility fund fixed assets for the years ended December 31, 2017 and 2016.

Water Utility Fund	Balance, January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Fixed Capital				
Water System Improvements and Equipment	\$ 8,652,408	-	-	\$ 8,652,408
Total	<u>\$ 8,652,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,652,408</u>
	Balance, January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Fixed Capital				
Water System Improvements and Equipment	\$ 6,889,503	\$ 1,762,905	-	\$ 8,652,408
Total	<u>\$ 6,889,503</u>	<u>\$ 1,762,905</u>	<u>\$ -</u>	<u>\$ 8,652,408</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects. 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 four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Bonds, Loans and Notes	\$ 13,764,421	\$ 14,491,507
Water Utility		
Bonds and Loans	2,329,828	2,576,472
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(813,159)</u>	<u>(1,092,921)</u>
Net Debt Issued	15,281,090	15,975,058
Authorized But Not Issued		
General		
Bonds and Notes	1,363,069	1,672,985
Water Utility		
Bonds and Notes	<u>686,250</u>	<u>686,250</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 17,330,409</u>	<u>\$ 18,334,293</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .67% and .72% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 15,127,490	\$ 478,159	\$ 14,649,331
School Debt	26,220,000	26,220,000	-
Water Utility Debt	<u>3,016,078</u>	<u>3,016,078</u>	<u>-</u>
Total	<u>\$ 44,363,568</u>	<u>\$ 29,714,237</u>	<u>\$ 14,649,331</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 16,164,492	\$ 1,092,921	\$ 15,071,571
School Debt	27,705,000	27,705,000	-
Water Utility Debt	<u>3,262,722</u>	<u>3,262,722</u>	<u>-</u>
Total	<u>\$ 47,132,214</u>	<u>\$ 32,060,643</u>	<u>\$ 15,071,571</u>

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2017</u>	<u>2016</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 75,393,723	\$ 65,652,514
Net Debt	<u>14,649,331</u>	<u>15,071,571</u>
Remaining Borrowing Power	<u>\$ 60,744,392</u>	<u>\$ 50,580,943</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$1,465,000, 2003 Taxable Pension Refunding Bonds, due in annual installments of \$165,000 to \$180,000 through March 15, 2018, interest at 4.85%	\$ 180,000	\$ 345,000
\$5,385,000, 2006 General Improvement Bonds, due in annual installments of \$785,000 to \$810,000 through February 15, 2018, interest at 4.00%	810,000	1,595,000
\$6,830,000, 2013 General Improvement Bonds, due in annual installments of \$375,000 to \$720,000 through August 1, 2025 interest at 2.00% to 3.00%	<u>5,345,000</u>	<u>5,720,000</u>
	<u>\$ 6,335,000</u>	<u>\$ 7,660,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement(s) with the New Jersey Dept. of Environmental Infrastructure Trust for the financing relating to the sewer main extension and de-icing material storage building. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$4,108,388 2007 EIT Loan, due in semi-annual installments of \$205,086 to \$255,182 through August 1, 2027, interest at 3.00% to 5.00%	<u>\$ 2,341,421</u>	<u>\$ 2,546,507</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Water Utility Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing relating to the water system improvements of the Borough's Water Utility. The Borough pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the water utility at December 31 are as follows:

Water Utility

	<u>2017</u>	<u>2016</u>
\$4,711,076, 2006 Loans, due in semi-annual installments of \$180,000 to \$286,535 through August 1, 2026, interest rate at 4.00% to 5.00%	\$ <u>2,329,828</u>	\$ <u>2,576,472</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Calendar Year	General Bonds		General Loans		Water Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 1,365,000	\$ 156,059	\$ 210,086	\$ 58,188	\$ 251,644	\$ 58,506	\$ 2,099,483
2019	700,000	127,994	214,925	52,938	256,514	53,306	1,405,677
2020	700,000	113,994	220,311	48,538	261,257	47,906	1,392,006
2021	705,000	98,244	225,569	43,938	265,869	42,306	1,380,926
2022	710,000	81,500	229,924	37,938	270,236	36,325	1,365,923
2023-2027	<u>2,155,000</u>	<u>127,663</u>	<u>1,240,606</u>	<u>97,636</u>	<u>1,024,308</u>	<u>76,213</u>	<u>4,721,426</u>
Total	\$ <u>6,335,000</u>	\$ <u>705,454</u>	\$ <u>2,341,421</u>	\$ <u>339,176</u>	\$ <u>2,329,828</u>	\$ <u>314,562</u>	\$ <u>12,365,441</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2017 and 2016 were as follows:

	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund					
Bonds Payable	\$ 7,660,000		\$ 1,325,000	\$ 6,335,000	\$ 1,365,000
Intergovernmental Loans Payable	<u>2,546,507</u>	<u>-</u>	<u>205,086</u>	<u>2,341,421</u>	<u>210,086</u>
General Capital Fund Long-Term Liabilities	<u>\$ 10,206,507</u>	<u>\$ -</u>	<u>\$ 1,530,086</u>	<u>\$ 8,676,421</u>	<u>\$ 1,575,086</u>
Water Utility Capital Fund					
Intergovernmental Loans Payable	<u>\$ 2,576,472</u>	<u>-</u>	<u>246,644</u>	<u>\$ 2,329,828</u>	<u>\$ 251,644</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 2,576,472</u>	<u>\$ -</u>	<u>\$ 246,644</u>	<u>\$ 2,329,828</u>	<u>\$ 251,644</u>
	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund					
Bonds Payable	\$ 8,945,000		\$ 1,285,000	\$ 7,660,000	\$ 1,325,000
Intergovernmental Loans Payable	<u>2,752,348</u>	<u>-</u>	<u>205,841</u>	<u>2,546,507</u>	<u>205,086</u>
General Capital Fund Long-Term Liabilities	<u>\$ 11,697,348</u>	<u>\$ -</u>	<u>\$ 1,490,841</u>	<u>\$ 10,206,507</u>	<u>\$ 1,530,086</u>
Water Utility Capital Fund					
Intergovernmental Loans Payable	<u>\$ 2,818,762</u>	<u>-</u>	<u>\$ 242,290</u>	<u>\$ 2,576,472</u>	<u>\$ 246,644</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 2,818,762</u>	<u>\$ -</u>	<u>\$ 242,290</u>	<u>\$ 2,576,472</u>	<u>\$ 246,644</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2017 and 2016 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2016</u>	<u>Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
<u>2017</u>						
<u>General Capital Fund</u>						
Rehab of Sanitary Sewer Pump Station	1.120%	8/17/2018	\$ 2,242,000	\$2,242,000	\$ 2,242,000	\$ 2,242,000
2014 Road Resurfacing Program	1.120%	8/17/2018	457,450	345,529	457,450	345,529
Acq. Of Easement Block 1408/Lot 1	1.120%	8/17/2018	21,400		21,400	-
Improvement of Boulevard Sec. 8 & 9	1.120%	8/17/2018	65,000	65,000	65,000	65,000
2015 Road Resurfacing Program	1.120%	8/17/2018	485,000	276,000	485,000	276,000
Remounting two Ambulance Chassis	1.120%	8/17/2018	209,000		209,000	-
Improvement Boulevard Sec. 8, 9 & 10	1.120%	8/17/2018	121,900	121,900	121,900	121,900
Restoration of Fleischer's Brook	1.120%	8/17/2018	129,000	129,000	129,000	129,000
Resurfacing Various Roads	1.120%	8/17/2018	97,250	97,250	97,250	97,250
2016 Road Resurfacing Program	1.120%	8/17/2018	457,000	457,000	457,000	457,000
Building Improvements & Acquisition of Equipment	1.120%	8/17/2018		340,000		340,000
Acquisition of SCBA for Fire Department	1.120%	8/17/2018		19,000		19,000
Improvement of Boulevard (Section 10, Phase 2)	1.120%	8/17/2018		21,121		21,121
2017 Road Program	1.120%	8/17/2018		455,200		455,200
Acquisition of Vehicles and Equipment	1.120%	8/17/2018		320,000		320,000
Removal of Underground Storage Tank & Remediation	1.120%	8/17/2018	-	199,000	-	199,000
Total			\$ 4,285,000	\$ 5,088,000	\$ 4,285,000	\$ 5,088,000

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2015</u>	<u>Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2016</u>
<u>2016</u>						
<u>General Capital Fund</u>						
Rehab of Sanitary Sewer Pump Station	0.695%	8/17/2017		\$2,242,000		\$ 2,242,000
2014 Road Resurfacing Program	0.695%	8/17/2017		457,450		457,450
Acq. Of Easement Block 1408/Lot 1	0.695%	8/17/2017		21,400		21,400
Improvement of Boulevard Sec. 8 & 9	0.695%	8/17/2017		65,000		65,000
2015 Road Resurfacing Program	0.695%	8/17/2017		485,000		485,000
Remounting two Ambulance Chassis	0.695%	8/17/2017		209,000		209,000
Improvement Boulevard Sec. 8, 9 & 10	0.695%	8/17/2017		121,900		121,900
Restoration of Fleischer's Brook	0.695%	8/17/2017		129,000		129,000
Resurfacing Various Roads	0.695%	8/17/2017		97,250		97,250
2016 Road Resurfacing Program	0.695%	8/17/2017	-	457,000	-	457,000
Total			\$ -	\$ 4,285,000	\$ -	\$ 4,285,000

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the government utility activities are accounted for in the Water Utility Capital Fund. There were no short term borrowings in the Borough's Water Utility Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2017</u>		
Fire Rescue Truck	\$ 246,411	2018
Birchwood Park Equipment	100,822	2018
Sewer Jet	237,257	2018
Pumper	516,029	2018
Various Sewer Water Improvement	<u>103,834</u>	2018
	<u>\$ 1,204,353</u>	
<u>2016</u>		
Pump Station #6	\$ 765,018	2017
Resurfacing of Summit, North, Franklin and Gall	206,266	2017
Self Contained Breathing Apparatus Equipment	373,179	2017
Dump Truck	<u>200,348</u>	2017
	<u>\$ 1,544,811</u>	

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$2,683,623 and \$2,872,132 at December 31, 2017 and 2016, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2017 and 2016, the Borough has reserved in the Other Trust Fund \$1,230,331 and \$1,695,192 respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance, January 1, <u>2017</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Compensated Absences	\$ 2,872,132	\$ 276,352	\$ 464,861	\$ 2,683,623	\$ 100,000
Net Pension Liability - PERS	12,677,296	-	2,765,207	9,912,089	
Net Pension Liability - PFRS	<u>26,673,556</u>	<u>-</u>	<u>2,904,383</u>	<u>23,769,173</u>	<u>-</u>
	<u>\$ 42,222,984</u>	<u>\$ 276,352</u>	<u>\$ 6,134,451</u>	<u>\$ 36,364,885</u>	<u>\$ 100,000</u>
	Balance, January 1, <u>2016</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Compensated Absences	\$ 2,880,297	\$ 363,523	\$ 371,688	\$ 2,872,132	\$ 100,000
Net Pension Liability - PERS	10,176,893	2,880,667	380,264	12,677,296	
Net Pension Liability - PFRS	<u>23,551,162</u>	<u>4,260,882</u>	<u>1,138,488</u>	<u>26,673,556</u>	<u>-</u>
	<u>\$ 36,608,352</u>	<u>\$ 7,505,072</u>	<u>\$ 1,890,440</u>	<u>\$ 42,222,984</u>	<u>\$ 100,000</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

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

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

Other Pension Funds

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

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

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and \$17.2 billion, respectively.

**BOROUGH OF ELMWOOD PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.20% for PERS and 5.50% for DCRP of employee's annual compensation for 2017.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2017 and 2016 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2017, 2016 and 2015, the Borough, was required to contribute for normal cost pension contributions and accrued liability pension contributions the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2017	\$ 1,362,616	\$ 394,464
2016	1,149,315	389,763
2015	1,037,220	367,761

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (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 and 2016, the Borough reported a liability of \$9,912,089 and \$12,677,296, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share 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. As of the measurement date of June 30, 2017, the Borough's proportionate share was .04258 percent, which was a decrease of .00022 percent from its proportionate share measured as of June 30, 2016 of .04280 percent.

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$684,812 and \$1,168,525, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$381,672 and \$389,763, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 233,395		\$ 235,759	
Changes of Assumptions	1,996,944	\$ 1,989,623	2,626,059	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	67,495	362,075	483,397	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	125,106	-	173,576	\$ 412,547
Total	\$ 2,422,940	\$ 2,351,698	\$ 3,518,791	\$ 412,547

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2018	\$ 170,628
2019	295,063
2020	143,099
2021	(363,975)
2022	(173,573)
Thereafter	<u>-</u>
	<u>\$ 71,242</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15%	1.65-4.15%
	Based on Age	Based on Age
Thereafter	2.65-5.15%	2.65-5.15%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (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 Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</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%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
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%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	5.00%
2016	June 30, 2016	3.98%

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (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 (Continued)

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

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

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00% and 2.98%, respectively) or 1-percentage-point higher (6.00% and 4.98%, respectively) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 12,296,619</u>	<u>\$ 9,912,089</u>	<u>\$ 7,925,480</u>
	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 15,534,547</u>	<u>\$ 12,677,296</u>	<u>\$ 10,318,388</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2017 and 2016, the Borough reported a liability of \$23,769,173 and \$26,673,556, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough’s proportionate share 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. As of the measurement date of June 30, 2017, the Borough’s proportionate share was .15396 percent, which was an increase of .01433 percent from its proportionate share measured as of June 30, 2016 of .13963 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$2,763,649 and \$3,071,133, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough’s financial statements of \$1,138,488 and \$1,149,315, respectively. At December 31, 2017 and 2016, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 154,200	\$ 139,505		\$ 174,849
Changes of Assumptions	2,931,004	3,892,696	\$ 3,694,507	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	453,572		1,868,962	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>2,416,253</u>	<u>158,224</u>	<u>883,820</u>	<u>202,420</u>
Total	<u>\$ 5,955,029</u>	<u>\$ 4,190,425</u>	<u>\$ 6,447,289</u>	<u>\$ 377,269</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (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)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	<u>Total</u>
2018	\$ 869,649
2019	1,303,018
2020	439,834
2021	(631,605)
2022	(216,292)
Thereafter	-
	<u>\$ 1,764,604</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.		

The actuarial assumptions used in the July 1, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (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 Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
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%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (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 (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2057

Municipal Bond Rate * From July 1, 2057
and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 6.14% and 5.55%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14% and 4.55 %, respectively) or 1-percentage-point higher (7.14% and 6.55%, respectively) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 31,317,843</u>	<u>\$ 23,769,173</u>	<u>\$ 17,567,082</u>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 34,393,595</u>	<u>\$ 26,673,556</u>	<u>\$ 20,378,329</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (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)

Special Funding Situation – PFRS

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

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,662,348 and \$2,239,917, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$325,665 and \$286,090, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$133,129 and \$85,827, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 580 state and local participating employers and contributing entities for Fiscal Year 2017.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

State Health Benefits Program Funds (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$85.4 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.5 billion for state active and retired members, \$16.1 billion for local active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$184.6 million for 10,994 eligible retired members for Fiscal Year 2017. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$52.1 million in Fiscal Year 2017 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2017, 2016 and 2015 were \$1,206,813, \$1,146,426 and \$1,075,963, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2017, 2016 and 2015 were \$94,992, \$78,413 and \$67,389, respectively.

NOTE 13 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Elmwood Park is a member of South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The SBJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

**BOROUGH OF ELMWOOD PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 RISK MANAGEMENT (Continued)

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 11,579	\$ 11,475	\$ 196,284
2016	10,882	1,995	196,180
2015	19,199	6,371	187,293

NOTE 14 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough’s Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2017 and 2016, the Borough reserved \$1,455,224 and \$1,591,212, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2017 and 2016, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017 and 2016, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Elmwood Park Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 16, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Elmwood Park approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough contributed \$700 and \$700 for 2017 and 2016, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$3,500 and \$22,400 for 2017 and 2016, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 17 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2017. As of December 31, 2017, the Borough has received \$245,632 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

NOTE 18 SUBSEQUENT EVENTS

Debt Authorized

On April 19, 2018 the Borough adopted a bond ordinance authorizing the issuance \$228,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

Debt Authorized

On May 17, 2018 the Borough adopted a bond ordinance authorizing the issuance \$165,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**BOROUGH OF ELMWOOD PARK
STATEMENT OF CASH - COLLECTOR/TREASURER**

Balance, January 1, 2017		\$ 10,243,791
Increased by Receipts:		
Taxes Receivable	\$ 59,407,777	
Prepaid Taxes	1,269,003	
Revenue Accounts Receivable	4,819,449	
Due from State of NJ Senior Citizens' and Veterans Deductions	127,500	
Due from General Capital Fund	491	
Due from General Capital Fund- Realized as Current Fund Budgeted Revenue	325,075	
Due from Other Trust Fund	6,046	
Due from Water Utility Operating Fund- Realized as Current Fund Budgeted Revenue	365,000	
Tax Overpayments	142,902	
Miscellaneous Revenue Not Anticipated	820,114	
Grants Receivable	27,244	
Unappropriated Grant Reserves	<u>114,368</u>	
		<u>67,424,969</u>
		77,668,760
Decreased by Disbursements:		
2017 Appropriations	24,182,605	
2016 Appropriation Reserves	747,634	
County Taxes	5,314,956	
Due to County Added Taxes Payable	14,655	
Local District School Taxes	35,737,258	
Payments Made to Other Trust- Reserve for Compensated Absences	198,989	
Various Reserves	135,988	
Tax Overpayments	<u>97,682</u>	
		<u>66,429,767</u>
Balance, December 31, 2017		<u>\$ 11,238,993</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2017</u>	Balance, December 31, <u>2017</u>
Collector/Treasurer	\$ 500	\$ 500
Magistrate's Office - Court	175	175
Magistrate's Office - Violations Clerk	<u>175</u>	<u>175</u>
	<u>\$ 850</u>	<u>\$ 850</u>

EXHIBIT A-6

**STATEMENT OF AMOUNT DUE TO STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2017		\$ 67,921
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	\$ 127,500	
Senior Citizen Deductions Disallowed by Tax Collector	750	
Veterans Deductions Disallowed by Tax Collector	7,000	
Senior Citizen Deductions Disallowed by Tax Collector-2016	<u>5,250</u>	<u>140,500</u>
		208,421
Decreased by:		
Senior Citizen Deductions per Tax Billing	31,250	
Veterans Deductions per Tax Billing	99,500	
Veterans Deductions Allowed by Tax Collector - 2017	1,250	
Senior Citizen Deductions Allowed by Tax Collector - 2017	<u>2,000</u>	<u>134,000</u>
Balance, December 31, 2017		<u>\$ 74,421</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, 2017	Accrued	Received	Balance, December 31, 2017
Municipal Alliance on Alcohol & Drug Abuse	\$ 21,105		-	\$ 21,105
Recycling Tonnage Grant	<u>-</u>	<u>\$ 27,244</u>	<u>\$ 27,244</u>	<u>-</u>
	<u>\$ 21,105</u>	<u>\$ 27,244</u>	<u>\$ 27,244</u>	<u>\$ 21,105</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	<u>Balance, January 1, 2017</u>	<u>2017 Levy</u>	<u>Added Taxes</u>	<u>Senior Citizens' and Veterans Deductions Disallowed</u>	<u>Collected In</u>		<u>Homestead Benefit Credit</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance, December 31, 2017</u>
2016	\$ 537,957	-	-	\$ 5,250	-	\$ 533,056	-	-	\$ 10,151	-	-
	<u>537,957</u>	<u>-</u>	<u>-</u>	<u>5,250</u>	<u>-</u>	<u>533,056</u>	<u>-</u>	<u>-</u>	<u>10,151</u>	<u>-</u>	<u>-</u>
2017	-	\$ 59,870,440	\$ 72,684	7,750	\$ 335,582	58,150,005	\$ 724,716	\$ 134,000	22,306	\$ 2,300	\$ 581,965
	<u>\$ 537,957</u>	<u>\$ 59,870,440</u>	<u>\$ 72,684</u>	<u>\$ 13,000</u>	<u>\$ 335,582</u>	<u>\$ 58,683,061</u>	<u>\$ 724,716</u>	<u>\$ 134,000</u>	<u>\$ 32,457</u>	<u>\$ 2,300</u>	<u>\$ 581,965</u>

Analysis of 2017 Tax Levy

Tax Yield	
General Purpose Tax	\$ 59,870,440
Added Taxes (54:4-63.1 et seq.)	<u>72,684</u>
	<u>\$ 59,943,124</u>
Tax Levy	
Local District School Tax (Abstract)	\$ 35,737,258
County Taxes (Abstract)	5,103,213
County Open Space	211,743
Due County for Added Taxes(54:4-63.1 et seq.)	<u>6,466</u>
	\$ 41,058,680
Local Tax for Municipal Purposes (Abstract)	18,802,064
Additional Tax Levied	<u>82,380</u>
	<u>18,884,444</u>
	<u>\$ 59,943,124</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2017	\$ 576,815
Increased by:	
Transfers from Taxes Receivable	<u>2,300</u>
Balance, December 31, 2017	<u>\$ 579,115</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

Balance, January 1, 2017	<u>\$ 23,450</u>
Balance, December 31, 2017	<u>\$ 23,450</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2017</u>	Accrued in 2017	<u>Collected</u>	Balance, December 31, <u>2017</u>
Borough Clerk				
Liquor Licenses		\$ 24,847	\$ 24,847	
Licenses - Other		10,845	10,845	
Fees and Permits - Other		110,981	110,981	
Construction Code Official				
Fees and Permits		391,866	391,866	
Interest on Investments		83,789	83,789	
Interest and Costs on Taxes		123,670	123,670	
Municipal Court				
Fines and Costs	\$ 53,882	744,843	744,843	\$ 53,882
Energy Receipts Tax		1,335,917	1,335,917	
Consolidated Municipal Property Tax Relief Aid		125,987	125,987	
Uniform Fire Safety Act		48,678	48,678	
Trunk Sewer Revenue	-	<u>1,818,026</u>	<u>1,818,026</u>	-
	<u>\$ 53,882</u>	<u>\$4,819,449</u>	<u>\$4,819,449</u>	<u>\$ 53,882</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, January 1, <u>2017</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transfer to Accumulated <u>Absences</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 17,356	\$ 17,356			\$ 17,356
Mayor & Council	730	730			730
Financial Administration	13,380	13,380			13,380
Revenue Administration	10,473	10,473			10,473
Tax Assessment Administration	6,314	6,314			6,314
Legal Services & Costs	366	6,862	\$ 4,847		2,015
Planning Board	577	873	367		506
Zoning Board	3,185	3,458	339		3,119
Municipal Court	60,388	60,388			60,388
Public Defender	6,202	6,202			6,202
Police	85,735	85,735			85,735
Police- Dispatch 911	7,098	7,098			7,098
Fire Official	2,584	2,584			2,584
Municipal Prosecutor	5,120	5,120			5,120
Streets & Roads	44,000	44,000			44,000
Solid Waste Collections	2,445	2,445			2,445
Board of Health	387	387			387
Construction Code Official	17,133	17,133			17,133
Rent Leveling	1,600	1,600			1,600
Other Expenses					
General Administration	23,202	27,615	5,138		22,477
Financial Administration	8,633	33,785	13,368		20,417
Financial Administration-ADP Payroll Service	12,728	15,105	6,964		8,141
Annual Audit		78,395	52,438		25,957
Revenue Administration	23,505	24,080	1,275		22,805
Postage	14,963	14,963	687		14,276
Tax Assessment Administration	15,038	19,548	36		19,512
Legal Services & Costs	7,604	26,743	12,517		14,226
Engineering Services & Costs	17,032	17,032	10,617		6,415
Planning Board	5,485	5,835	350		5,485
Master Plan	20,000	20,000			20,000
Zoning Board of Adjustment	9,377	9,377	350		9,027
Council on Affordable Housing	2,673	9,399	7,604		1,795
Municipal Court	14,104	14,773	1,097		13,676
General Liability Insurance	48,831	134,695	85,863		48,832
Workers Compensation	8,791	109,726	100,935		8,791
Employee Group Insurance	154,509	104,509	1,559		102,950
Health Benefit Waiver	10,000	10,000	-		10,000
Police Department	18,872	30,981	15,507		15,474
Police Department - Purchase of Vehicles	1,723	4,475	2,752		1,723
Office of Emergency Management	6,192	6,489	3,559		2,930
Ambulance Stipend	5,400	5,400			5,400

BOROUGH OF ELMWOOD PARK
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, January 1, <u>2017</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transfer to Accumulated <u>Absences</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Fire Department - Misc.	\$ 5,415	\$ 43,273	\$ 37,612		\$ 5,661
Fire Department - Clothing Allowance	7,711	7,711			7,711
Fire Official	7,959	7,959			7,959
Streets & Roads	28,567	97,748	48,459		49,289
Streets & Roads - Traffic Lights	38,772	44,772	4,129		40,643
Shade Tree	4,800	4,800			4,800
Solid Waste - Collections - Recycling	87,897	114,397	18,374		96,023
Solid Waste - Collections - Solid Waste	29,862	199,862	177,790		22,072
Streets & Roads - Vehicle Maintenance	48,588	55,108	2,602		52,506
Board of Health	2,073	2,073			2,073
Animal Control	3,806	3,806			3,806
Veterans Services Bureau	4,200	4,200			4,200
Parks & Recreation	14,155	20,830	6,541		14,289
Senior Citizen Committee	1,278	2,597	1,319		1,278
Maintenance of Parks	9,342	10,118			10,118
Celebration of Public Events	50,163	50,163			50,163
Construction Code Official	6,601	6,658	239		6,419
Rent Leveling Board	350	350			350
Electricity	86,082	122,040	32,749		89,291
Street Lighting	33,955	83,955	49,170		34,785
Telephone	14,398	15,020	582		14,438
Gasoline	89,083	101,083	10,891		90,192
Recycling Tax	3,349	4,461	1,362		3,099
Social Security System (O.A.S.I.)	53,579	53,579			53,579
Contingent	10,000	10,000			10,000
LOSAP	60,000	60,000	22,400		37,600
Body Armor Replacement	3,970	3,970			3,970
Recycling Tonnage Grant	14,200	14,200	1,471		12,729
Hazardous Discharge Site	3,072	3,072	3,072		-
Clean Communities Grant- Reserve	11,628	12,769	703	-	12,066
	<u>\$ 1,448,590</u>	<u>\$ 2,175,637</u>	<u>\$ 747,634</u>	<u>\$ -</u>	<u>\$ 1,428,003</u>
Appropriation Reserves		\$ 1,448,590			
Encumbrances Payable		<u>727,047</u>			
		<u>\$ 2,175,637</u>			
Cash Disbursed			<u>\$ 747,634</u>		

**BOROUGH OF ELMWOOD PARK
SCHEDULE OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2017	\$ 727,047
Increased by:	
Charges to 2017 Budget Appropriations	<u>666,918</u>
	1,393,965
Decreased by:	
Transferred to Appropriation Reserves	<u>727,047</u>
Balance, December 31, 2017	<u>\$ 666,918</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2017	\$ 335,582
Increased by:	
Payment of 2018 Taxes	<u>1,269,003</u>
	1,604,585
Decreased by:	
Applied to 2017 Taxes	<u>335,582</u>
Balance, December 31, 2017	<u>\$ 1,269,003</u>

STATEMENT OF TAX OVERPAYMENTS

Increased by:	
Cash Receipts	<u>\$ 142,902</u>
Decreased by:	
Cash Disbursements	<u>97,682</u>
Balance, December 31, 2017	<u>\$ 45,220</u>

**BOROUGH OF ELMWOOD PARK
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE**

Increased by:		
Levy - Calendar Year 2017		<u>\$ 35,737,258</u>
Decreased by:		
Payments		<u>\$ 35,737,258</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
General County Levy - 2017	\$ 5,103,213	
County Open Space Preservation Levy -2017	<u>211,743</u>	
		\$ 5,314,956
Decreased by:		
Payments		<u>5,314,956</u>
Balance December 31, 2017		<u>\$ -</u>

STATEMENT OF DUE COUNTY FOR ADDED AND OMITTED TAXES

Balance, January 1, 2017		\$ 14,655
Increased by:		
County Share of Added and Omitted Taxes		<u>6,466</u>
		21,121
Decreased by:		
Payments		<u>14,655</u>
Balance, December 31, 2017		<u>\$ 6,466</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF VARIOUS RESERVES**

	Balance, January 1, <u>2017</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2017</u>
Reserve for:			
Tax Appeals	\$ 1,591,212	\$ 135,988	\$ 1,455,224
Revaluation	<u>37,000</u>	<u>-</u>	<u>37,000</u>
	<u>\$ 1,628,212</u>	<u>\$ 135,988</u>	<u>\$ 1,492,224</u>

EXHIBIT A-20

STATEMENT OF UNAPPROPRIATED RESERVES - PUBLIC AND PRIVATE PROGRAMS

	Balance, January 1, <u>2017</u>	Cash <u>Receipts</u>	Anticipated as 2017 Budget <u>Revenue</u>	Balance, December 31, <u>2017</u>
Safe and Secure Grant	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Body Armor Replacement	981	3,874	981	3,874
Clean Communities	38,908	33,055	38,908	33,055
Recycling Tonnage Grant	<u>-</u>	<u>17,439</u>	<u>-</u>	<u>17,439</u>
	<u>\$ 99,889</u>	<u>\$ 114,368</u>	<u>\$ 99,889</u>	<u>\$ 114,368</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF APPROPRIATED RESERVES**

	Balance, January 1, <u>2017</u>	Transfer from Current <u>Appropriations</u>	Balance, December 31, <u>2017</u>
Municipal Alliance	\$ 1,201		\$ 1,201
Alcohol Education and Rehabilitation Fund	<u>51,223</u>	<u>\$ 3,303</u>	<u>54,526</u>
	<u>\$ 52,424</u>	<u>\$ 3,303</u>	<u>\$ 55,727</u>

STATEMENT OF PLAN ASSETS DUE TO LOSAP

Balance, January 1, 2017	<u>\$ 102,752</u>
Balance, December 31, 2017	<u>\$ 102,752</u>

TRUST FUNDS

BOROUGH OF ELMWOOD PARK
STATEMENT OF CASH - COLLECTOR/TREASURER

	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>	<u>Unemployment Trust Fund</u>
Balance, January 1, 2017	\$ 19,008	\$ 3,635,063	\$ 196,180
Increased by Receipts:			
Animal License Fees	\$ 8,234		
State Dog License Fees	1,165		
Prepaid License Fees	1,940		
Reserve for Recreation Fees		\$ 689,242	
Payroll Deductions Payable		11,899,186	
Payroll Salary and Wages Payable		5,880,781	
Employee Unemployment Contribution			\$ 11,579
Developer's Escrow Deposits		107,881	
Receipts from Current Fund		198,989	
Interest on Deposits		2,600	
Other Deposits	-	<u>1,149,358</u>	-
	<u>11,339</u>	<u>19,928,037</u>	<u>11,579</u>
	30,347	23,563,100	207,759
Decreased by Disbursements:			
State Dog License Fees	1,306		
Expenditures under R.S. 4:19-15.11	558		
Prepaid License Fees	1,083		
Recreation Expenditures		807,028	
Payroll Deductions Payable		11,900,090	
Payroll Salary and Wages Payable		5,866,529	
Payments to Unemployment Trust Fund - State of New Jersey			11,475
Developer's Escrow Deposits		223,660	
Payments to Current Fund		6,046	
Other Deposits	-	<u>1,778,384</u>	-
	<u>2,947</u>	<u>20,581,737</u>	<u>11,475</u>
Balance, December 31, 2017	<u>\$ 27,400</u>	<u>\$ 2,981,363</u>	<u>\$ 196,284</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF RESERVE FOR ANIMAL LICENSE EXPENDITURES
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2017		\$ 18,086
Increased by:		
Dog License Fees	\$ 5,751	
Cat License Fees	680	
Miscellaneous Fees	866	
Pre-Paid Fees Applied	937	
		8,234
Decreased by:		
Expenditures Under R.S. 4:19-15.11		26,320
Cash Disbursements		558
Balance, December 31, 2017		\$ 25,762

Animal License Fees Collected

<u>Year</u>	
2015	\$ 10,908
2016	18,086
	\$ 28,994

**STATEMENT OF AMOUNT DUE FROM STATE OF NEW JERSEY -
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2017		\$ 161
Increased by:		
Payments		1,306
		1,467
Decreased by:		
State Fees Collected	\$ 1,165	
Pre-Paid Fees Applied	146	
		1,311
Balance, December 31, 2017		\$ 156

**STATEMENT OF PREPAID ANIMAL LICENSES
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2017		\$ 1,083
Increased by:		
2018 License Fees Collected		1,794
Decreased by:		
2017 License Fees Applied		1,083
Balance, December 31, 2017		\$ 1,794

**BOROUGH OF ELMWOOD PARK
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE
UNEMPLOYMENT TRUST FUND**

Balance, January 1, 2017	\$	196,180
Increased by:		
Employee Share From Payroll Agency		11,579
		207,759
Decreased by:		
Unemployment Claims		11,475
Balance, December 31, 2017	\$	196,284

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND- DEVELOPERS ESCROW**

Balance, January 1, 2017	\$	3,776
Increased by:		
Interest on Investments and Deposits		1,059
		4,835
Decreased by:		
Payments to Current Fund		3,776
Balance, December 31, 2017	\$	1,059

**STATEMENT OF DUE FROM/TO CURRENT FUND
OTHER TRUST FUND**

Balance, January 1, 2017 (Due from)	\$	198,989
Decreased by:		
Payments from Current Fund	\$	198,989
Alcohol Ed. Receipts Realized as Current Fund		
Budgeted Revenue		3,303
Interest on Investments		1,520
		203,812
Balance, December 31, 2017 (Due to)	\$	(4,823)

**BOROUGH OF ELMWOOD PARK
STATEMENT OF MULTIPLE DWELLING EMERGENCY DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2017	\$	43,336
Increased by:		
Interest on Deposits		21
Balance, December 31, 2017	\$	43,357

**STATEMENT OF OTHER DEPOSITS
OTHER TRUST FUND**

	Balance, January 1, <u>2017</u>	<u>Increases</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2017</u>
Reserve for:				
Parking Offenses Adjudication Act	\$ 20,169	\$ 2,929	\$ 2,745	\$ 20,353
Lien Redemptions	92,509	367,923	342,610	117,822
Tax Title Lien Premiums	565,277	110,800	314,900	361,177
Accumulated Absences	1,695,192	-	464,861	1,230,331
Equitable Sharing	172,173	-	36,191	135,982
Fire Prevention Expenditure	185,461	60,203	81,348	164,316
Police Outside Duty	231,983	530,236	479,739	282,480
Drunk Driving	197			197
Centennial	4,697	30	4,727	-
Band Shelter		75,500	44,195	31,305
Miscellaneous	1,000			1,000
Alcohol Rehab	22,866	1,737	10,371	14,232
	<u>\$ 2,991,524</u>	<u>\$ 1,149,358</u>	<u>\$ 1,781,687</u>	<u>\$ 2,359,195</u>
Cash Disbursements			\$ 1,778,384	
Due to Current Fund			3,303	
			<u>\$ 1,781,687</u>	

**BOROUGH OF ELMWOOD PARK
STATEMENT OF RESERVE FOR RECREATION EXPENDITURES
OTHER TRUST FUND**

Balance, January 1, 2017	\$	644,950
Increased by:		
Cash Receipts		689,242
		1,334,192
Decreased by:		
Cash Disbursements		807,028
Balance, December 31, 2017	\$	527,164

EXHIBIT B-11

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, January 1, 2017	\$	836
Increased by:		
Cash Receipts		11,899,186
		11,900,022
Decreased by:		
Cash Disbursements		11,900,090
Balance (Deficit), December 31, 2017	\$	(68)

EXHIBIT B-12

**STATEMENT OF NET PAYROLL-SALARY AND WAGES PAYABLE
OTHER TRUST FUND**

Balance (Deficit), January 1, 2017	\$	(309)
Increased by:		
Cash Receipts		5,874,377
		5,874,068
Decreased by:		
Cash Disbursements		5,866,529
Balance, December 31, 2017	\$	7,539

**BOROUGH OF ELMWOOD PARK
STATEMENT OF DEVELOPER'S ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2017	\$	147,669
Increased by:		
Cash Receipts		107,881
		255,550
Decreased by:		
Cash Disbursements		223,660
Balance, December 31, 2017	\$	31,890

**STATEMENT OF DUE TO CURRENT FUND
TAX TITLE LIEN REDEMPTION-OTHER TRUST FUND**

Balance, January 1, 2017	\$	2,270
Decreased by:		
Payments to Current Fund		2,270
Balance, December 31, 2017	\$	-

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND-NET PAYROLL**

Increased by:		
Cancellation of Old Outstanding Checks	\$	6,404
Balance, December 31, 2017	\$	6,404

GENERAL CAPITAL FUND

**BOROUGH OF ELMWOOD PARK
STATEMENT OF CASH - COLLECTOR/TREASURER**

Balance, January 1, 2017		\$ 3,463,575
Increased by Receipts:		
Grant Proceeds	\$ 939,735	
Deferred Charges Unfunded Raised in Current Fund Budget	857,521	
Receipts from Recreation Trust	125,900	
Capital Improvement Fund	50,000	
Bond Anticipation Note Proceeds	5,088,000	
Excess Note Proceeds	45,313	
Interest on Investments	<u>372</u>	
		<u>7,106,841</u>
		10,570,416
Decreased by Disbursements:		
Improvement Authorizations	642,123	
Contracts Payable	1,907,930	
Payments to Current Fund	491	
Realized as Current Fund Budgeted Revenue	325,075	
Bond Anticipation Note Payments	<u>4,285,000</u>	
		<u>7,160,619</u>
Balance, December 31, 2017		<u>\$ 3,409,797</u>

**BOROUGH OF ELMWOOD PARK
ANALYSIS OF CASH**

	Balance, December 31, <u>2017</u>
Grants Receivables	\$ (49,100)
Environmental Infrastructure Loan Receivable	(17,514)
Fund Balance	779,277
Capital Improvement Fund	252,604
Due to Current Fund	(36)
Contracts Payable	1,226,685
Reserve for Debt Service	432,846
Excess Note Proceeds	45,313
 <u>Improvement Authorizations</u>	
Ord.	
<u>No.</u>	
12-06 Various Public Improvements	41,365
13-04 Emergency Generator	276,097
13-16 Various Public Improvements	62,480
13-21 Streetscape	(73,772)
13-27 Handicapped Ramps	66,864
14-11 Supplemental for Fleischer's Brook and Underground Storage Tank Closure	1,239
14-12 Sanitary Sewer Pump Station	159,843
14-13 2104 Road Resurfacing Program	345,529
14-22 Acq. Of Easement Block 1408/Lot 1	2,047
14-25 Improvement boulevard Sections 8 and 9	65,515
15-09 Supplemental Handicapped Access Curb Ramps	33,538
15-14 2015 Road Resurfacing Program	55,780
15-17 Resurfacing Iozia Terrace, Franklin and Court St	(108,366)
15-18 Remounting of Two Ambulances onto New Chassis	5,898
15-22 Restoration of Fleischer's Brook	102,481
16-03 Rehabilitation of the Hockey Rink	30,210
16-11 Resurfacing of Franklin, Gall North and Summit	(123,970)
16-12 2016 Road Resurfacing Program	167,032
16-14 Building Improvements and Acq. Of Equipment	52,194
16-18 Various Improvements to Cherry Hill Park	186
16-19 Acq. Of Self Contained Breathing Apparatus for Fire Department	2,319
17-13 Improvement of Blvd. Section 10 Phase 2	30,021
17-14 2017 Road Resurfacing Program	24,390
17-17 Various Improvements	19,922
17-20 Underground Storage Tank Removal and Environmental Remediation	197,691
17-28 Sewer Jet Vacuum Machine	(225,757)
17-32 Various Improvements to Birchwood Park	18,475
17-33 New Pumper Fire Engine	(489,529)
	<u>\$ 3,409,797</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2017	\$ 10,206,507
Decreased by:	
Paid by 2017 Budget Appropriation:	
Bonds	1,325,000
EIT Loan	<u>205,086</u>
	<u>1,530,086</u>
Balance, December 31, 2017	<u>\$ 8,676,421</u>

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE

Balance, January 1, 2017	\$ 17,514
Balance, December 31, 2017	<u>\$ 17,514</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE

Balances, January 1, 2017	\$ 757,921
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>325,075</u>
Balance, December 31, 2017	<u>\$ 432,846</u>

Analysis of Balance

Ord. #2008-08	47,539
Ord. #2011-08	70,442
Ord. #2013-10	32,603
Ord. #2013-11	62,829
Ord. #2013-27	119,433
Ord. #2014-03	<u>100,000</u>
	<u>\$ 432,846</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF GRANTS/OTHER RECEIVABLE**

	<u>Total</u>	<u>Sub- Total</u>	<u>Department of Transportation</u>				<u>Community Development Block Grant</u>		
			<u>Ord# 2013-6</u>	<u>Ord. # 2013-21</u>	<u>Ord. # 2014-25</u>	<u>Ord. # 2017-13</u>	<u>Ord.# 2010-17</u>	<u>Ord. # 2015-17</u>	<u>Ord# 2016-11</u>
Balance, January 1, 2017	\$ 1,443,153	\$ 486,327	\$ 11,160	\$ 418,095	\$ 149,000		\$ 44,336	\$ 150,000	\$ 184,235
Increased by:									
Awards	204,600	49,100	-	-	-	\$ 155,500	-	-	-
	<u>1,647,753</u>	<u>535,427</u>	<u>11,160</u>	<u>418,095</u>	<u>149,000</u>	<u>155,500</u>	<u>44,336</u>	<u>150,000</u>	<u>184,235</u>
Decreased by:									
Collections	939,735	393,040	-	397,695	149,000	-	-	-	-
	<u>939,735</u>	<u>393,040</u>	<u>-</u>	<u>397,695</u>	<u>149,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	\$ <u>708,018</u>	\$ <u>142,387</u>	\$ <u>11,160</u>	\$ <u>20,400</u>	\$ <u>-</u>	\$ <u>155,500</u>	\$ <u>44,336</u>	\$ <u>150,000</u>	\$ <u>184,235</u>
<u>Analysis of Balance at December 31, 2017</u>									
Offset by Reserve	\$ 658,918	\$ 93,287	\$ 11,160	\$ 20,400		\$ 155,500	\$ 44,336	\$ 150,000	\$ 184,235
Unfunded	49,100	49,100	-	-	-	-	-	-	-
	<u>\$ 708,018</u>	<u>\$ 142,387</u>	<u>\$ 11,160</u>	<u>\$ 20,400</u>	<u>\$ -</u>	<u>\$ 155,500</u>	<u>\$ 44,336</u>	<u>\$ 150,000</u>	<u>\$ 184,235</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF GRANTS/OTHER RECEIVABLE**

		County of Bergen				FEMA Assistance to Fire-Fighters
	<u>Sub-Total</u>	<u>Ord# 2013-27</u>	<u>Ord.# 2016-03</u>	<u>Ord. # 2016-18</u>	<u>Ord.# 2017-32</u>	<u>Ord. # 2016-19</u>
Balance, January 1, 2017	\$ 486,327	\$ 38,967	\$ 54,320	\$ 37,542		\$ 355,498
Increased by:						
Awards	<u>49,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 49,100</u>	<u>-</u>
	<u>535,427</u>	<u>38,967</u>	<u>54,320</u>	<u>37,542</u>	<u>49,100</u>	<u>355,498</u>
Decreased by:						
Collections	<u>393,040</u>	<u>-</u>	<u>-</u>	<u>37,542</u>	<u>-</u>	<u>355,498</u>
	<u>393,040</u>	<u>-</u>	<u>-</u>	<u>37,542</u>	<u>-</u>	<u>355,498</u>
Balance, December 31, 2017	<u>\$ 142,387</u>	<u>\$ 38,967</u>	<u>\$ 54,320</u>	<u>\$ -</u>	<u>\$ 49,100</u>	<u>\$ -</u>

Analysis of Balance at December 31, 2017

Offset by Reserve	\$ 93,287	\$ 38,967	\$ 54,320			
Unfunded	<u>49,100</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 49,100</u>	<u>\$ -</u>
	<u>\$ 142,387</u>	<u>\$ 38,967</u>	<u>\$ 54,320</u>	<u>\$ -</u>	<u>\$ 49,100</u>	<u>\$ -</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Improvement Description	Balance, January 1, 2017	Authorized 2017	Grant Proceeds	Paid by Budget Appropriation	Balance, December 31, 2017	Analysis of Balance December 31, 2017		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
12-06	Various Public Improvements	\$ 11,160				\$ 11,160			\$ 11,160
13-16	Various Public Improvements	780				780			780
13-21	Streetscape Improvements	521,095		\$ 397,695		123,400		\$ 73,772	49,628
14-11	Underground Storage Tank Closure	199,000			\$ 199,000	-			
14-12	Sanitary Sewer Pump Station	2,242,000				2,242,000	\$ 2,242,000		
14-13	2104 Road Resurfacing Program	457,450			111,921	345,529	345,529		
14-22	Acq. Of Easement Block 1408/Lot 1	21,400			21,400	-			
14-25	Improvement boulevard Sections 8 and 9	214,000		194,313		19,687	19,687		
15-14	2015 Road Resurfacing Program	485,000			209,000	276,000	276,000		
15-17	Resurfacing Iozia Terrace, Franklin and Court St	142,000				142,000		108,366	33,634
15-18	Remounting of Two Ambulances onto New Chasis	209,000			209,000	-			
15-20	Improvement to Boulevard Sections 8,9 &10	121,900				121,900	121,900		
15-22	Restoration of Fleischers Brook	129,000				129,000	129,000		
16-11	Resurfacing of Franklin, Gall, North and Summit	281,000				281,000	97,250	123,970	59,780
16-12	2016 Road Resurfacing Program	457,000				457,000	457,000		
16-13	Streetscape Improvement- Supplement Ord. #13-21	107,200			107,200	-			
16-14	Building Improvements and Acq. Of Equipment	340,000				340,000	340,000		
16-19	Acq. Of Self Contained Breathing Apparatus for Fire Department	19,000				-			
						19,000	19,000		
17-13	Improvement of Blvd Section 10 Phase 2		\$ 177,600			177,600	21,121		156,479
17-14	2017 Road Resurfacing Program		455,200			455,200	455,200		
17-17	Various Improvements		320,000			320,000	320,000		
17-20	Underground Storage Tank Removal & Environmental Remediation		199,000			-			
						199,000	199,000		
17-28	Sewer Jet Vacuum Machine		229,500			229,500		225,757	3,743
17-33	New Pumper Fire Engine		516,000			-		489,529	26,471
						516,000			
		<u>\$ 5,957,985</u>	<u>\$ 1,897,300</u>	<u>\$ 592,008</u>	<u>\$ 857,521</u>	<u>\$ 6,405,756</u>	<u>\$ 5,042,687</u>	<u>\$ 1,021,394</u>	<u>\$ 341,675</u>
							\$ 5,088,000		
							Less: Excess Note Proceeds		
							Ord. #14-25		
								45,313	
							<u>\$ 5,042,687</u>		

**BOROUGH OF ELMWOOD PARK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

							Analysis of Balance		
							December 31, 2017		
Ordinance		Balance,			Paid by	Balance,	Bond		
Number	<u>Improvement Description</u>	January 1,	Authorized	Grant	Budget	December 31,	Anticipation	Unexpended	
		<u>2017</u>	<u>2017</u>	<u>Proceeds</u>	<u>Appropriation</u>	<u>2017</u>	<u>Notes</u>	<u>Expenditures</u>	<u>Authorizations</u>
									\$ 1,509,664
							Ord. #14-12	\$ 159,843	
							Ord. #14-13	345,529	
							Ord. #14-25	19,687	
							Ord. #15-14	55,780	
							Ord. #15-22	102,481	
							Ord. #16-12	167,032	
							Ord. #16-14	52,194	
							Ord. #16-19	2,319	
							Ord. #17-13	21,121	
							Ord. #17-14	24,390	
							Ord. #17-17	19,922	
							Ord. #17-20	197,691	
									<u>1,167,989</u>
									<u>\$ 341,675</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2017	\$ 298,504
Increased by:	
2017 Budget Appropriation	<u>50,000</u>
	348,504
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>95,900</u>
Balance, December 31, 2017	<u>\$ 252,604</u>

STATEMENT OF DUE TO/FROM CURRENT FUND

Balance, January 1, 2017 (Due to)	\$ 83
Increased by:	
Interest Earnings	<u>372</u>
	455
Decreased by:	
Payments to Current Fund	<u>491</u>
Balance, December 31, 2017 (Due from)	<u>\$ (36)</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2017		\$ 1,994,144
Increased by:		
Contract Awards		<u>1,226,685</u>
		3,220,829
Decreased by:		
Cash Disbursed	\$ 1,907,930	
Cancelled	<u>86,214</u>	
		<u>1,994,144</u>
Balance, December 31, 2017		<u>\$ 1,226,685</u>

STATEMENT OF DUE FROM RECREATION TRUST FUND

Increased by:		
Appropriated to Finance Ordinance #17-32		\$ 125,900
Decreased by:		
Cash Received		<u>125,900</u>
Balance, December 31, 2017		<u>\$ -</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2017		2017 Authorizations				Contracts Payable Cancelled	Paid or Charged	Balance, December 31, 2017	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Grants	Recreation			Funded	Unfunded
12-06	Various Public Improvements	4/19/2012	\$ 999,000	\$ 42,605	\$ 11,160						\$ 1,240	\$ 41,365	\$ 11,160
13-04	Emergency Generator	2/7/2013	450,000	293,097							17,000	276,097	
13-10	Various Public Improvements	4/18/2013	595,000	7,144							7,144	-	
13-16	Various Public Improvements	5/16/2013	873,906	62,480	780							62,480	780
13-21	Streetscape Improvements	8/15/2013	687,000		27,556					\$ 26,167	4,095		49,628
13-27	Handicapped Access	11/7/2013	250,000	66,864								66,864	
14-11	Supplemental for Fleischers Brook and Underground Storage Tank Closure	6/5/2014	209,000		8,452						7,213	1,239	
14-12	Sanitary Sewer Pump Station	6/5/2014	2,355,000		166,933					1,315	8,405		159,843
14-13	2104 Road Resurfacing Program	6/5/2014	599,000		345,529								345,529
14-22	Acq. Of Easement Block 1408/Lot 1	10/2/2014	22,500		2,047							2,047	
14-25/15-20	Improvement boulevard Sections 8 and 9	12/4/2014	225,000		81,723					3,672	19,880	45,828	19,687
15-09	Supplemental Handicapped Access Curb Ramps	4/16/2015	96,200	33,538								33,538	
15-14	2015 Road Resurfacing Program	5/21/2015	510,000		55,780					10	10		55,780
15-17	Resurfacing Iozia Terrace, Franklin and Court St	6/4/2015	150,000		33,634								33,634
15-18	Remounting of Two Ambulances onto New Chasis	6/18/2015	220,000		5,898							5,898	
15-22	Restoration of Fleischers Brook	12/3/2015	135,500		109,181					5,442	12,142		102,481
16-03	Rehabilitation of the Hockey Rink	2/18/2016	133,640	111,140							80,930	30,210	
16-11	Resurfacing of Franklin, Gall, North and Summit	5/19/2016	295,100		43,734					16,346	300		59,780
16-12	2016 Road Resurfacing Program	6/16/2016	480,000		133,770					33,262	-		167,032
16-14	Building Improvements and Acq. Of Equipment	8/18/2016	357,500		52,194						-		52,194
16-18	Various Improvement to Cherry Hill Park Acq. Of Self Contained Breathing Apparatus for Fire Department	9/15/2016	125,000	19,627							19,441	186	
16-19	Fire Department	10/6/2016	375,498		2,319						-		2,319
17-13	Improvement of Blvd Section 10 Phase 2	4/20/2017	186,500			\$ 8,900	\$ 177,600					8,900	177,600
17-14	2017 Road Resurfacing Program	4/20/2017	478,000			22,800	455,200				453,610		24,390
17-17	Various Improvements	5/18/2017	336,200			16,200	320,000				316,278		19,922
17-20	Underground Storage Tank Removal & Environmental Remediation	5/18/2017	209,000			10,000	199,000				11,309		197,691
17-28	Sewer Jet Vacuum Machine	8/17/2017	241,000			11,500	229,500				237,257		3,743
17-32	Various Improvements to Birchwood Park	10/19/2017	175,000					\$ 49,100	\$ 125,900		156,525	18,475	
17-33	New Pumper Fire Engine	10/19/2017	542,500	-	-	26,500	516,000	-	-	-	516,029	-	26,471
				<u>\$ 636,495</u>	<u>\$ 1,080,690</u>	<u>\$ 95,900</u>	<u>\$ 1,897,300</u>	<u>\$ 49,100</u>	<u>\$ 125,900</u>	<u>\$ 86,214</u>	<u>\$ 1,868,808</u>	<u>\$ 593,127</u>	<u>\$ 1,509,664</u>
											Cash Disbursed	\$ 642,123	
											Contracts Payable	1,226,685	
											<u>\$ 1,868,808</u>		

**BOROUGH OF ELMWOOD PARK
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>	
			<u>Date</u>	<u>Amount</u>						
Taxable Pension Refunding Bonds	3/15/2003	\$ 1,465,000	3/15/2018	\$ 180,000	4.85%	\$ 345,000		\$ 165,000	\$ 180,000	
General Improvements	6/15/2006	5,385,000	2/15/2018	810,000	4.00%	1,595,000		785,000	810,000	
General Improvements	8/1/2013	6,830,000	8/1/2018	375,000	2.00%-3.00%					
			8/1/2019-2020	700,000						
			8/1/2021	705,000						
			8/1/2022	710,000						
			8/1/2023	715,000						
			8/1/2024-2025	720,000		<u>5,720,000</u>	\$ -	<u>375,000</u>	<u>5,345,000</u>	
						<u>\$ 7,660,000</u>	<u>\$ -</u>	<u>\$ 1,325,000</u>	<u>\$ 6,335,000</u>	
								<u>\$ 1,325,000</u>		
									<u>Paid by Budget Appropriation</u>	

**BOROUGH OF ELMWOOD PARK
STATEMENT OF EIT LOAN PAYABLE**

<u>Ordinance</u>	<u>Purpose</u>	<u>Date Issue</u>	<u>Amount of Original Issue</u>	<u>Date</u>	<u>Amount</u>	<u>Balance, January 1, 2017</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
06-28	Sewer Main Extension and De-icing Material Storage Bldg.	11/8/2007	\$ 4,108,388	2/1-8/1/2018	\$ 210,086			
				2/1-8/1/2019	214,925			
				2/1-8/1/2020	220,311			
				2/1-8/1/2021	225,569			
				2/1-8/1/2022	229,924			
				2/1-8/1/2023	234,120			
				2/1-8/1/2024	247,002			
				2/1-8/1/2025	251,164			
				2/1-8/1/2026	255,182			
				2/1-8/1/2027	253,138	<u>\$ 2,546,507</u>	<u>\$ 205,086</u>	<u>\$ 2,341,421</u>
						<u>\$ 2,546,507</u>	<u>\$ 205,086</u>	<u>\$ 2,341,421</u>
							<u>\$ 205,086</u>	

**BOROUGH OF ELMWOOD PARK
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Amount of Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance January 1, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
14-12	Rehab of sanitary Sewer Pump Station	8/18/2016	\$ 2,242,000	8/18/2016 8/17/2017	8/17/2017 8/17/2018	0.695 % 1.12	\$ 2,242,000	\$ 2,242,000	\$ 2,242,000	\$ 2,242,000
14-13	2014 Road Resurfacing Program	8/18/2016	457,450	8/18/2016 8/17/2017	8/17/2017 8/17/2018	0.695 % 1.12	457,450	345,529	457,450	- 345,529
14-22	Acquisition of Easement Block 1408/Lot 1	8/18/2016	21,400	8/18/2016	8/17/2017	0.695 %	21,400		21,400	-
14-25	Improvement of Boulevard Sec. 8 & 9	8/18/2016	65,000	8/18/2016 8/17/2017	8/17/2017 8/17/2018	0.695 % 1.12	65,000	65,000	65,000	- 65,000
15-14	2015 Road Resurfacing Program	8/18/2016	485,000	8/18/2016 8/17/2017	8/17/2017 8/17/2018	0.695 % 1.12	485,000	276,000	485,000	- 276,000
15-18	Remounting Two Ambulance Onto New Chassis	8/18/2016	209,000	8/18/2016	8/17/2017	0.695 %	209,000		209,000	-
15-20	Improvement Boulevard Sec. 8,9, & 10	8/18/2016	121,900	8/18/2016 8/17/2017	8/17/2017 8/17/2018	0.695 % 1.12	121,900	121,900	121,900	- 121,900
15-22	Restoration of Fleischer's Brook	8/18/2016	129,000	8/18/2016 8/17/2017	8/17/2017 8/17/2018	0.695 % 1.12	129,000	129,000	129,000	- 129,000
16-11	Resurfacing of Franklin, Gall, North and Summit	8/18/2016	97,250	8/18/2016 8/17/2017	8/17/2017 8/17/2018	0.695 % 1.12	97,250	97,250	97,250	- 97,250
16-12	2016 Road Resurfacing Program	8/18/2016	457,000	8/18/2016 8/17/2017	8/17/2017 8/17/2018	0.695 % 1.12	457,000	457,000	457,000	- 457,000
16-14	Building Improvements & Acquisition of Equipment	8/17/2017	340,000	8/17/2017	8/17/2018	1.12 %		340,000		340,000
16-19	Acquisition of SCBA for Fire Department	8/17/2017	19,000	8/17/2017	8/17/2018	1.12 %		19,000		19,000
17-13	Improvement of Boulevard (Section 10, Phase 2)	8/17/2017	21,121	8/17/2017	8/17/2018	1.12 %		21,121		21,121
17-14	2017 Road Program	8/17/2017	455,200	8/17/2017	8/17/2018	1.12 %		455,200		455,200
17-17	Acquisition of Vehicles and Equipment	8/17/2017	320,000	8/17/2017	8/17/2018	1.12 %		320,000		320,000
17-20	Removal of Underground Storage Tank & Remediation	8/17/2017	199,000	8/17/2017	8/17/2018	1.12 %	-	199,000	-	199,000
							<u>\$ 4,285,000</u>	<u>\$ 5,088,000</u>	<u>\$ 4,285,000</u>	<u>\$ 5,088,000</u>

Issued for Cash	\$ 1,354,321	
Renewals	3,733,679	\$ 3,733,679
Paid by Budget Appropriation	-	551,321
	<u>\$ 5,088,000</u>	<u>4,285,000</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance, January 1, 2017	2017 Authorizations	Grant Proceeds	Paid by Budget Appropriation	Notes Issued	Balance, December 31, 2017
12-06	Various Public Improvements	\$ 11,160					\$ 11,160
13-16	Various Public Improvements	780					780
13-21	Streetscape Improvements	521,095		\$ 397,695			123,400
14-11	Underground Storage Tank Closure	199,000			\$ 199,000		-
14-25	Improvement boulevard Sections 8 and 9	149,000		149,000			-
15-17	Resurfacing Iozia Terrace, Franklin and Court St	142,000					142,000
16-11	Resurfacing of Franklin, Gall, North and Summit	183,750					183,750
16-13	Streetscape Improvement- Supplement Ord. #13-21	107,200			107,200		-
16-14	Building Improvements and Acq. Of Equipment	340,000				\$ 340,000	-
16-19	Acq. Of Self Contained Breathing Apparatus for Fire Department	19,000				19,000	-
17-13	Improvement of Blvd Section 10 Phase 2		\$ 177,600			21,121	156,479
17-14	2017 Road Resurfacing Program		455,200			455,200	-
17-17	Various Improvements		320,000			320,000	-
17-20	Underground Storage Tank Removal & Environmental Remediation		199,000			199,000	-
17-28	Sewer Jet Vacuum Machine		229,500				229,500
17-33	New Pumper Fire Engine	-	516,000	-	-	-	516,000
		<u>\$ 1,672,985</u>	<u>\$ 1,897,300</u>	<u>\$ 546,695</u>	<u>\$ 306,200</u>	<u>\$ 1,354,321</u>	<u>\$ 1,363,069</u>

WATER UTILITY FUND

**BOROUGH OF ELMWOOD PARK
WATER UTILITY CASH
STATEMENT OF CASH - COLLECTOR/TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2017	\$ 4,018,960	\$ 2,827,807
Increased by Receipts:		
Consumer Accounts Receivable	\$ 3,721,726	
Miscellaneous Revenue Not Anticipated	18,270	
Receipts from Water Utility Capital Fund	991	
Capital Improvement Fund		\$ 300,000
Interest on Investments	<u>50,418</u>	<u>1,131</u>
	<u>3,791,405</u>	<u>301,131</u>
	7,810,365	3,128,938
Decreased by Disbursements:		
2017 Budget Appropriations	2,575,641	-
Appropriation Reserves	281,167	
Improvement Authorizations		58,938
Accrued Interest on Bonds and Loans	51,320	
Payments to Current Fund	365,000	
Payment to Water Utility Operating Fund	<u>-</u>	<u>991</u>
	<u>3,273,128</u>	<u>59,929</u>
Balance, December 31, 2017	<u>\$ 4,537,237</u>	<u>\$ 3,069,009</u>

**BOROUGH OF ELMWOOD PARK
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance, January 1, <u>2017</u>
Fund Balance	\$ 335,078
Capital Improvement Fund	418,000
Downpayments on Improvements	9,000
Due to Water Utility Operating Fund	156
Due from New Jersey Infrastructure Trust	(41,974)
Reserve for Payment of Debt	335,000
Contracts Payable	2,434,570
Improvement Authorizations:	
Ord. #05-30 Water Main Replacement	(15,027)
Ord. #05-39 Water Meters	77,513
Ord. #06-07 Water Improvements	(2,030)
Ord. #06-29 Water Improvements	(255,223)
Ord. #11-17 Various Water Main Improvements	<u>(226,054)</u>
	<u>\$ 3,069,009</u>

**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND**

Balance, January 1, 2017	\$ 121,041
Increased by:	
Water Rents Levied	<u>4,369,139</u>
	4,490,180
Decreased by:	
Collections	<u>3,721,726</u>
Balance, December 31, 2017	<u>\$ 768,454</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF LOANS RECEIVABLE - NEW JERSEY INFRASTRUCTURE TRUST
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ <u>41,974</u>
Balance, December 31, 2017	\$ <u><u>41,974</u></u>

**STATEMENT OF DUE TO WATER UTILITY OPERATING FUND
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ 16
Increased by:	
Interest Earnings	<u>1,131</u>
	1,147
Decreased by:	
Payments to Water Utility Operating Fund	<u>991</u>
Balance, December 31, 2017	\$ <u><u>156</u></u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF INVENTORY
WATER UTILITY OPERATING FUND**

Balance, January 1, 2017	\$ <u>500</u>
Balance, December 31, 2017	\$ <u><u>500</u></u>

**STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND**

	Balance, January 1, 2017	Additions by Ordinance	Balance, December 31, 2017
Distribution Mains, Sewer Pipes and Stops, Meters, Meter Boxes and Water Tanks	\$ 2,006,452		\$ 2,006,452
Emergency Booster Pumping Station	32,569		32,569
Labor	6,861		6,861
Miscellaneous Construction Expenses	2,449		2,449
Engineering and Supervision	19,095		19,095
Interest During Course of Construction	21,571		21,571
Legal	1,301		1,301
Hydrants	16,267		16,267
Truck - Water Utility Share	1,268		1,268
Meters and Hydrants	266,967		266,967
Accounting Equipment	5,444		5,444
Land - Pumping Station	670		670
Appraisal - Garfield Water Works	2,500		2,500
Acquisition of Land to Erect Water Tank	74,689		74,689
Acquisition of Lease Rights	9,800		9,800
Water Infrastructure Improvements	4,640,331		4,640,331
Various System Improvements and Computer Mapping	755,104		755,104
Replacement of Water Meters	789,070		789,070
	<u>\$ 8,652,408</u>	<u>-</u>	<u>\$ 8,652,408</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Balance January 1, 2017</u>	<u>Fixed Capital Authorized</u>	<u>Transfer to Reserve for Amortization</u>	<u>Authorization Cancelled To Surplus</u>	<u>Balance December 31, 2017</u>
05-39	Water Meters	12/29/2005	\$ 140,000				\$ 140,000
06-07	Water Improvements	2/16/2006	4,000		-	-	4,000
17-35	Water Tank Replacement	12/21/2017	-	\$ 2,330,000	-	-	2,330,000
			<u>\$ 144,000</u>	<u>\$ 2,330,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,474,000</u>
	Capital Improvement Fund						\$ 2,040,000
	Fund Balance						430,000
	Bonds Cancelled at Sale						<u>4,000</u>
							<u>\$ 2,474,000</u>

**STATEMENT OF 2016 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	<u>Balance, January 1, 2017</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 4,858	\$ 4,858		\$ 4,858
Other Expenses	83,018	461,812	\$ 281,167	180,645
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>35,873</u>	<u>35,873</u>	<u>-</u>	<u>35,873</u>
	<u>\$ 123,749</u>	<u>\$ 502,543</u>	<u>\$ 281,167</u>	<u>\$ 221,376</u>
Appropriation Reserves		\$ 123,749		
Encumbrances Payable		<u>378,794</u>		
		<u>\$ 502,543</u>		
Cash Disbursed			<u>\$ 281,167</u>	

**BOROUGH OF ELMWOOD PARK
STATEMENT OF ACCRUED INTEREST ON BONDS AND LOANS
WATER UTILITY OPERATING FUND**

Balance, January 1, 2017	\$ 26,461
Increased by:	
2017 Budget Appropriation	49,236
	75,697
Decreased by:	
Interest Paid	51,320
Balance, December 31, 2017	\$ 24,377

Analysis of Accrued Interest, December 31, 2017

<u>Principal Outstanding December 31, 2017</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
New Jersey Environmental Infrastructure Trust \$2,400,000	2.00-2.5%	8/1/2017	12/31/2017	5 Months	\$ 24,377

**BOROUGH OF ELMWOOD PARK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance		Balance, January 1, 2017		2017 Authorizations	Paid Charged	Balance, December 31, 2017	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
05-39	Water Meters	12/29/2005	\$ 140,000	\$ 77,513				\$ 77,513	
06-07	Water Improvements	2/16/2006	80,000		\$ 73,970				\$ 73,970
11-17	Various Water Main Improvements	10/20/2012	340,000	-	277,454		\$ 163,508	-	113,946
17-35	Water Tank Replacement	12/21/2017	2,330,000	-	-	\$ 2,330,000	2,330,000	-	-
				<u>\$ 77,513</u>	<u>\$ 351,424</u>	<u>\$ 2,330,000</u>	<u>\$ 2,493,508</u>	<u>\$ 77,513</u>	<u>\$ 187,916</u>
<u>Analysis of Funding Sources</u>									
				Capital Improvement Fund		\$ 1,900,000			
				Fund Balance		<u>430,000</u>			
						<u>\$ 2,330,000</u>			
						Cash Disbursed	\$ 58,938		
						Contracts Payable	<u>2,434,570</u>		
							<u>\$ 2,493,508</u>		

**BOROUGH OF ELMWOOD PARK
STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ 2,018,000
Increased by:	
Budget Appropriation	<u>300,000</u>
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>1,900,000</u>
Balance, December 31, 2017	<u>\$ 418,000</u>

**STATEMENT OF DOWNPAYMENTS ON IMPROVEMENTS
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2017	<u>\$ 9,000</u>
Balance, December 31, 2017	<u>\$ 9,000</u>

**STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ 5,805,686
Increased by:	
Paid by Operating Budget:	
EIT Loan	<u>246,644</u>
Balance, December 31, 2017	<u>\$ 6,052,330</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND**

Balance, January 1, 2017	\$ 378,794
Increased by:	
Charges to 2017 Budget	<u>150,625</u>
	529,419
Decreased by:	
Transfer to Appropriation Reserves	<u>378,794</u>
Balance, December 31, 2017	<u>\$ 150,625</u>

**STATEMENT OF CONTRACTS PAYABLE
WATER UTILITY CAPITAL FUND**

Increased by:	
Contract Awards	<u>\$ 2,434,570</u>
Balance, December 31, 2017	<u>\$ 2,434,570</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST FUND LOANS PAYABLE
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2017</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Water System Improvements	11/9/2006	\$4,711,076	2/1-8/1/18	\$ 251,644	2.00%-2.50%			
			2/1-8/1/19	256,515				
			2/1-8/1/20	261,257				
			2/1-8/1/21	265,869				
			2/1-8/1/22	270,236				
			2/1-8/1/23	282,696				
			2/1-8/1/24	286,535				
			2/1-8/1/25	275,077				
			2/1/2026	180,000				
					<u>\$ 2,576,472</u>	<u>\$ 246,644</u>	<u>\$ 2,329,828</u>	
						<u>\$ 246,644</u>		

Paid by Budget Appropriation \$ 246,644

**BOROUGH OF ELMWOOD PARK
STATEMENT OF RESERVE FOR PAYMENT OF DEBT
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2017		\$ <u>335,000</u>
Balance, December 31, 2017		\$ <u>335,000</u>
	<u>Analysis of Balance</u>	
	Ord. # 2005-12	\$ 205,269
	Ord. # 2006-29	<u>129,731</u>
		\$ <u>335,000</u>

**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
WATER UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2017</u>	<u>Balance, December 31, 2017</u>
05-30	Water Main Replacement	\$ 15,027	\$ 15,027
06-07	Water Improvements	76,000	76,000
06-29	Water Improvements	255,223	255,223
11-17	Various Water Main Improvements	<u>340,000</u>	<u>340,000</u>
		<u>\$ 686,250</u>	<u>\$ 686,250</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance		Balance, January 1, <u>2017</u>	2017 <u>Authorizations</u>	Costs to <u>Fixed Capital</u>	Authorizations <u>Cancelled</u>	Balance, December 31, <u>2017</u>
		<u>Date</u>	<u>Amount</u>					
05-39	Water Meters	12/29/2005	\$ 140,000	\$ 140,000				\$ 140,000
06-07	Water Improvements	2/16/2006	76,000	80,000				80,000
11-17	Various Water Main Projects	10/20/2012	340,000	340,000		-	-	340,000
17-35	Water Tank Replacement	12/21/2017	2,330,000	-	\$ 2,330,000	-	-	2,330,000
				<u>\$ 560,000</u>	<u>\$ 2,330,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,890,000</u>

BOROUGH OF ELMWOOD PARK
PART II
GOVERNMENTAL AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

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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

INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Elmwood Park
Elmwood Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Elmwood Park 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 August 14, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting 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, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Elmwood Park’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Elmwood Park’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Elmwood 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


Compliance and Other Matters

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

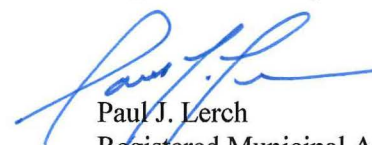
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Elmwood Park in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

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 Elmwood Park's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Elmwood Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
August 14, 2018

**BOROUGH OF ELMWOOD PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Department of Housing and Urban Development</u>	<u>Federal</u>	<u>Grant</u>	<u>Grant</u>	<u>2017</u>	<u>Balance,</u>				<u>Balance</u>	*	<u>Cumulative</u>
Pass Through the County of Bergen- Community Development Block Grants	<u>CFDA</u>	<u>Year</u>	<u>Award</u>	<u>Receipts</u>	<u>January 1,</u>	<u>Revenues</u>	<u>Expended</u>	<u>Adjustment</u>	<u>December 31,</u>	*	<u>Expenditures</u>
Ordinance 15-17	<u>Number</u>	<u></u>	<u></u>	<u></u>	<u>2017</u>	<u>Realized</u>	<u></u>	<u></u>	<u>2017</u>	*	<u></u>
			\$ 150,000		\$ 33,634				\$ 33,634	*	\$ 116,366
<u>Law and Public Safety</u>											
Public Assistance Grants	97.036	2013		\$ 245,632		\$ 245,632	245,632			*	245,632
		2016		42,020		42,020	42,020			*	42,020
<u>Department of Homeland Security</u>											
Assistance to Fire Fighters Grant- Ordinance #16-19	97.044	2016	335,498	355,498	-	-	-	-	-	*	355,498
					<u>\$ 33,634</u>	<u>\$ 287,652</u>	<u>\$ 287,652</u>	<u>\$ -</u>	<u>\$ 33,634</u>	*	

Note: This Schedule is not subject to a Single Audit in accordance with the Uniform Guidance.

BOROUGH OF ELMWOOD PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Received</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2017</u>	<u>Revenue/Receipts</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2017</u>	*	*	<u>Cumulative Expenditures</u>
* * * * *												
<u>State Aid Highway Projects</u>												
Highway Planning and Construction- Ord.# 2013-21	20.205	2013	\$ 584,000	\$ 397,695								\$ 584,000
Highway Planning and Construction- Ord.# 2014-25		2014	149,000	149,000								149,000
Highway Planning and Construction- Ord.# 2017-13		2017	155,500			\$ 155,500			\$ 155,500			
* * * * *												
<u>Division of Judiciary- Municipal Court</u>												
Alcohol Education and Rehabilitation	9735-760-001-060000	2009			\$ 30,929		\$ 7,068	\$ (12,595)	\$ 11,266			7,068
		2014			8,016				8,016			
		2016	12,278		31,941				31,941			
		2017	3,303	1,737		3,303			3,303			
Municipal Alliance for Alcohol & Drug Abuse (Passed through Bergen County)	N/A	2013			1,201				1,201			
* * * * *												
<u>Department of Environmental Protection</u>												
Solid Waste Administration Clean Communities	4900-765-004-178910	2016	34,034	33,055	11,628			(11,628)	-			22,406
		2017	38,908	38,908		38,908	24,719		14,189			24,719
Recycling Tonnage Grant	4900-752-001-178810	2016	22,660	22,660	14,200		1,471	(12,729)	-			9,931
		2017	27,244	44,683		27,244	9,000		18,244			9,000
Hazardous Discharge Site Remediation Municipal Grant Program	N/A	2016	47,921		3,072		3,072		-			47,921
* * * * *												
<u>Division of Criminal Justice</u>												
Body Armor Replacement Fund	1020-718-001-090160	2015	1,006		1,006			(1,006)	-			
		2016	3,970	981	3,970			(3,970)	-			
		2017	981	3,874		981	981		-			981
* * * * *												
<u>Division of Criminal Justice</u>												
Safe and Secure Grant	1020-100-232-090940	2017	60,000	60,000	-	60,000	60,000	-	-			60,000
* * * * *												
Grand Total						<u>\$ 105,963</u>	<u>\$ 285,936</u>	<u>\$ 106,311</u>	<u>\$ (41,928)</u>	<u>\$ 243,660</u>		

Note: This Schedule is not subject to a Single Audit in accordance with NJ OMB Circular 15-08.

Adjustments- Cancellation

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF ELMWOOD PARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Elmwood Park. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Current Fund	\$ 130,436	\$ 287,652	\$ 418,088
General Capital Fund	<u>155,500</u>	<u>-</u>	<u>155,500</u>
	<u>\$ 285,936</u>	<u>\$ 287,652</u>	<u>\$ 573,588</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF ELMWOOD PARK
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2017**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2017, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Environmental Infrastructure Trust Series 2007A	4860-570-702440-61	\$ 2,341,421
Environmental Infrastructure Trust Series 2006A		<u>2,329,828</u>
		<u>\$ 4,671,249</u>

NOTE 6 DE MINIMIS INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**BOROUGH OF ELMWOOD PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued: Modified- Unaudited Losap Trust Fund

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

2) Were significant deficiencies that were not considered to be material weaknesses? yes X none reported

Noncompliance material to the financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

BOROUGH OF ELMWOOD PARK
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 3,575,000	5.01 %	\$ 3,575,000	5.34 %
Miscellaneous - From Other Than Local				
Property Tax Levies	6,469,429	9.07	3,814,872	5.71
Collection of Delinquent Taxes and Tax Title Liens	533,056	0.75	671,939	1.01
Collection of Current Tax Levy	59,336,553	83.17	57,768,111	86.44
Other Credits	<u>1,428,003</u>	<u>2.00</u>	<u>1,000,233</u>	<u>1.50</u>
Total Income	<u>71,342,041</u>	<u>100.00 %</u>	<u>66,830,155</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	25,995,711	38.76 %	23,513,026	37.07
County Taxes	5,314,956	7.92	5,138,444	8.10
Local District School Taxes	35,737,258	53.29	34,724,466	54.76
Other Expenditures	<u>17,873</u>	<u>0.03</u>	<u>47,143</u>	<u>0.07</u>
Total Expenditures	<u>67,065,798</u>	<u>100.00 %</u>	<u>63,423,079</u>	<u>100.00 %</u>
Excess in Revenue	4,276,243		3,407,076	
Fund Balance, January 1	<u>5,589,685</u>		<u>5,757,609</u>	
	9,865,928		9,164,685	
Less Utilization as Anticipated Revenue	<u>3,575,000</u>		<u>3,575,000</u>	
Fund Balance, December 31	<u>\$ 6,290,928</u>		<u>\$ 5,589,685</u>	

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Collection of Water Rents	\$ 3,721,726	92.74 %	\$ 3,617,324	96.69
Miscellaneous - From Other Than Water	<u>291,195</u>	<u>7.26</u>	<u>123,821</u>	<u>3.31</u>
Total Income	<u>4,012,921</u>	<u>100.00 %</u>	<u>3,741,145</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	2,473,228	79.24 %	2,372,000	78.80 %
Capital Improvement Fund	300,000	9.61	300,000	9.96
Deferred Charges and Statutory Expenditures	50,000	1.60	50,000	1.66
Debt Service	<u>297,963</u>	<u>9.55</u>	<u>288,280</u>	<u>9.58</u>
Total Expenditures	<u>3,121,191</u>	<u>100.00 %</u>	<u>3,010,280</u>	<u>100.00 %</u>
Excess in Revenue	891,730		730,865	
Fund Balance, January 1	<u>3,489,972</u>		<u>2,759,107</u>	
Decreased by:				
Utilized as Current Budgeted Revenue	<u>365,000</u>		<u>-</u>	
Fund Balance, December 31	<u>\$ 4,016,702</u>		<u>\$ 3,489,972</u>	

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>\$2.889</u>	<u>\$2.829</u>	<u>\$2.783</u>
<u>Apportionment of Tax Rate</u>			
Municipal *	.908	.895	.881
County	.257	.250	.245
Local School	1.724	1.684	1.657

* Includes Municipal Library

Assessed Valuation

2017	<u>\$2,072,358,499</u>
2016	<u>\$2,062,368,699</u>
2015	<u>\$2,051,093,899</u>

Comparison Of Levies And Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 59,943,124	\$ 59,336,553	98.99%
2016	58,457,458	57,768,111	98.82%
2015	57,173,387	56,407,226	98.66%

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

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>December 31 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	\$ 579,115	\$ 581,965	\$ 1,161,080	1.94%
2016	576,815	537,957	1,114,772	1.91%
2015	574,563	619,072	1,193,635	2.09%

Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2017	\$23,450
2016	23,450
2015	23,450

Comparison of Water Utility Levies

<u>Year</u>	<u>Water Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 4,369,139	\$ 3,721,726	85.18%
2016	3,591,060	3,470,019	96.63%
2015	2,856,763	2,709,458	94.84%

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>	2017	\$6,290,928	\$3,575,000
	2016	5,589,685	3,575,000
	2015	5,757,609	3,575,000
<u>Water Utility Operating Fund</u>	2017	\$4,016,702	
	2016	3,489,972	
	2015	2,759,107	

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>
Frank Caramagna	Mayor
Joseph Dombrowski	Councilman
Daniel Golabek	Councilman
Magdalena Giandomenico	Councilwoman
Louis Vuoncino	Councilman
Anthony Chirido	Councilman
Keith Work	Councilman
Keith Kazmark	Municipal Clerk
Roy Riggitano	CFO/Treasurer/Utility Collector
Frank Santora	Tax Collector/Tax Search Officer
Anthony Gallina	Magistrate
Mark DiMaria	Prosecutor
Kevin Esposito	Tax Assessor
Michael Foligno	Police Chief
Richard Bolan	Construction Code Official
James DePadova	Plumbing Sub-Code Official
Pompei D'Arco	Fire Official
Debra Zafonte	Court Administrator
Hansel Asmar	Health Officer – County
Barbara Dispoto	Registrar
Marlene DiStefano	Deputy Registrar

There is a statutory bond limit in the Municipal Joint Insurance Fund that covers the Treasurer, Tax Collector, Library Treasurer and any assistant or deputy “in title to” these positions, Magistrates, Court Administrators and Court Clerk up to \$1,000,000 with a member deductible of \$1,000.

BOROUGH OF ELMWOOD PARK

GENERAL COMMENTS

Current Year Comments

Our audit of the cash disbursement cycle revealed that there were numerous purchase orders with dates that were subsequent to the invoice date. It is recommended that purchase orders are issued at the time the order is placed for the goods and/or services.

Our audit of the procedure in place for the issuance of 1099's revealed that the Borough was issuing 1099's based upon cash disbursed and open purchase order amounts. In addition, if a vendor was modified during the year the computer software created two vendors and 1099's were issued for the original vendor and the modified vendor. It is recommended that the Borough review their procedures in place for the issuance of the 1099's to ensure that they are issued based upon cash payments made to a vendor and that duplicate 1099's are not created when vendor files are modified throughout the year.

Our audit of the bid and contracts in excess of \$17,500 revealed the following:

- A contract was awarded in excess of the bid threshold for emergency pumping services, the Borough had supporting documentation declaring said emergency, however a formal resolution declaring the emergency wasn't approved in the official minutes of the Borough and the emergency procurement report wasn't completed.
- Competitive quotes were not available for our review for purchases for tree removal services and various uniforms, jerseys, balls, etc. that were in excess of the quote threshold.
- A purchase was made through state contract in excess of \$17,500 from Raritan Pipe & Supply that was not approved in the official minutes of the Borough. In addition, a purchase was made from RescueOne for a rescue boat in excess of \$17,500, it was indicated that this was proprietary in nature, however said purchase was not approved in the official minutes of the Borough and a political contribution form was not available for our review.

It is recommended that:

- All emergency contract awards are approved in the official minutes of the Borough and an emergency procurement report be completed.
- Competitive quotes are obtained for purchases in excess of the quote threshold.
- All state contract purchases be approved in the official minutes of the Borough.
- Purchases that are in excess of the quote threshold and are proprietary in nature be approved in the official minutes of the Borough.
- Political Contribution Forms be obtained for purchases in excess of the \$17,500 threshold.

Contracts and Agreements Required To Be Advertised For NJS 40a:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000, except by contract or agreement".

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid within the fiscal 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.

BOROUGH OF ELMWOOD PARK

GENERAL COMMENTS

Contracts and Agreements Required To Be Advertised For NJS 40a:11-4 (Continued)

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

- Emergency Water Main and Sewer Repairs
- Curbside Recycling
- 2017 Road Program
- Water Tank Replacement

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did reveal that accumulations of expenditures were in excess of \$40,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Collection of Interest of Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 1, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Mayor and Council, of the Borough of Elmwood Park, that:

1. Current year's taxes are due on February 1st, May 1st, August 1st, and November 1st, in accordance with the statutes. The penalty for the delinquency is hereby fixed at the rate of 8% per annum from each due date until the date of payment on the first \$1,500 of the delinquency, and 18% per annum on any amount in excess of \$1,500.
2. Water charges are due and payable upon presentation of bill. In case of nonpayment of water rent and/or fixed charges within thirty days after same is due, a penalty of 8% per annum shall be added to the amount of the bill.

It appears from an examination of the collector's records that interest on taxes receivable and water charges were collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on March 28, 2017 and was complete.

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

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	6
2016	6
2015	6

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

BOROUGH OF ELMWOOD PARK

GENERAL COMMENTS

Suggestions to Management

Our review of the Borough's disaster recovery plan/back-up procedures for their computer software/data revealed that they do not have an adequate plan in place that would allow them to recover all data from their servers and be operational in another location in the event of a disaster. It is suggested to management that the Borough develop a formal disaster recover/back-up plan that will allow them to recover all data from their servers and be operational in another location. In addition to the development this plan needs to be tested to ensure that it is adequate to meet the Borough's needs.

The Borough utilizes Passaic Valley Water Commission (PVWC) to process their water utility billing and collections. It is suggested that the Borough obtain a signed agreement with PVWC and as a service provider to the Borough they should provide an audit report (SSAE 16) on their internal controls to the Borough.

Our review of the Borough's collective bargaining agreements/salary ordinances revealed that the department heads don't have employment agreements. It is suggested that consideration be given to memorializing the employment agreements with the department heads.

APPRECIATION

We desire to express our appreciation to the Borough Administrator and other Borough Staff who assisted us during the course of our audit.

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

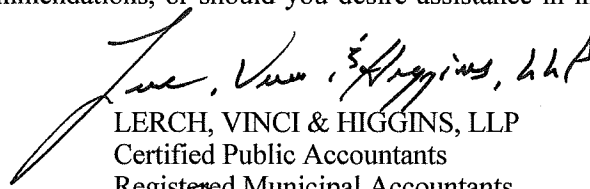
1. Purchase orders are issued at the time the order is placed for the goods and/or services.
2. The Borough review their procedures in place for the issuance of the 1099's to ensure that they are issued based upon cash payments made to a vendor and that duplicate 1099's are not created when vendor files are modified throughout the year.
3. With respect to the bid and contracts in excess of \$17,500 it is recommended that:
 - All emergency contract awards are approved in the official minutes of the Borough and an emergency procurement report be completed.
 - Competitive quotes are obtained for purchases in excess of the quote threshold.
 - All state contract purchases be approved in the official minutes of the Borough.
 - Purchases that are in excess of the quote threshold and are proprietary in nature be approved in the official minutes of the Borough.
 - Political Contribution Forms be obtained for purchases in excess of the \$17,500 threshold.

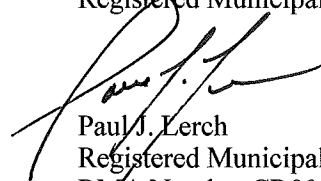
Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year recommendations and corrective action was taken on all prior year recommendation.

The problems and weaknesses noted in our review 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 us.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457