

**BOROUGH OF ELMWOOD PARK  
BERGEN COUNTY, NEW JERSEY  
REPORT OF AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**BOROUGH OF ELMWOOD PARK**

**BERGEN COUNTY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2016**



# 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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, 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, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 12 percent and 11 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

***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, 2016 and 2015, 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, 2016 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 1, 2017 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 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 1, 2017

**BOROUGH OF ELMWOOD PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	A-4	\$ 10,243,791	\$ 10,088,658
Cash - Change Funds	A-5	850	850
Grants Receivable	A-7	<u>21,105</u>	<u>21,105</u>
		<u>10,265,746</u>	<u>10,110,613</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	537,957	619,072
Tax Title Liens Receivable	A-9	576,815	574,563
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	12
Due From Other Trust Fund - TTL	B-14	2,270	288
Due From Other Trust Fund- Escrow	B-6	<u>3,776</u>	<u>3,202</u>
		<u>1,198,233</u>	<u>1,274,469</u>
<b>Total Assets</b>		<u>\$ 11,463,979</u>	<u>\$ 11,385,082</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Appropriation Reserves	A-3,A-12	\$ 1,448,590	\$ 1,280,160
Encumbrances Payable	A-13	727,047	580,269
Due to LOSAP- Plan Assets	A-22	102,752	176,138
Due to State of New Jersey- Senior Citizens' and Veterans' Deductions	A-6	67,921	62,836
Due to Other Trust Fund - Reserve for Accumulated Absences	B-7	198,989	100,000
Due to Water Utility Operating Fund	D-20		18
Prepaid Taxes	A-14	335,582	279,509
Due County for Added Taxes	A-18	14,655	-
Miscellaneous Reserves	A-19	1,628,212	1,723,646
Appropriated Grant Reserves	A-21	52,424	40,146
Unappropriated Grant Reserves	A-20	<u>99,889</u>	<u>110,282</u>
		4,676,061	4,353,004
Reserve for Receivables	A	1,198,233	1,274,469
Fund Balance	A-1	<u>5,589,685</u>	<u>5,757,609</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 11,463,979</u>	<u>\$ 11,385,082</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, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 3,575,000	\$ 2,698,756
Miscellaneous Revenue Anticipated	A-2	3,231,251	5,925,625
Receipts from Delinquent Taxes	A-2	671,939	579,022
Receipts from Current Taxes	A-2	57,768,111	56,107,226
Non-Budget Revenues	A-2	583,621	585,300
Other Credits to Income:			
Interfunds Returned	A	3,502	101,953
Unexpended Balance of Appropriation Reserves	A-12	<u>996,731</u>	<u>1,800,875</u>
 Total Income		 <u>66,830,155</u>	 <u>67,798,757</u>
 <b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	8,535,701	8,276,831
Other Expenses	A-3	10,643,326	12,879,633
Capital Improvements	A-3	50,000	100,000
Municipal Debt Service	A-3	1,803,250	1,822,256
Deferred Charges and Statutory Expenditures	A-3	2,480,749	2,089,368
County Taxes	A-17	5,138,444	5,011,586
Amount Due County for Added and Omitted Taxes	A-18	14,655	8,723
Local District School Tax	A-16	34,724,466	33,982,409
Restore Alcohol Ed Grant Funds	A-4	21,609	
Prior Year Senior and Veteran's Deductions Disallowed	A-6	4,750	5,539
Prior Year Interfunds Advanced	A	<u>6,129</u>	<u>-</u>
 Total Expenditures		 <u>63,423,079</u>	 <u>64,176,345</u>
 Excess in Revenue		 3,407,076	 3,622,412
 Fund Balance, January 1	A	 <u>5,757,609</u>	 <u>4,833,953</u>
		9,164,685	8,456,365
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>3,575,000</u>	<u>2,698,756</u>
 Fund Balance, December 31	A	 <u>\$ 5,589,685</u>	 <u>\$ 5,757,609</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, 2016**

	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		22,780	\$ 780
Other	A-11	10,000		26,491	16,491
Fees and Permits	A-11	49,000		148,441	99,441
Fines and Costs					
Municipal Court	A-11	660,000		659,266	(734)
Interest and Costs on Taxes	A-11	110,000		171,796	61,796
Interest on Investments and Deposits	A-2	30,000		91,835	61,835
Energy Receipts Tax	A-11	1,328,315		1,328,315	-
Consolidated Municipal Property Tax Relief Act	A-11	133,589		133,589	-
Uniform Construction Code Fees	A-11	340,000		326,272	(13,728)
Uniform Fire Safety Act	A-11	44,264		54,317	10,053
Trunk Sewer Revenue	A-11	87,379		87,286	(93)
Safe and Secure Communities Program	A-20	60,000		60,000	-
Body Armor Fund- Reserve	A-20	3,970		3,970	-
Alcohol Ed- Reserve	A-20	12,278		12,278	-
Hazardous Discharge Site	A-7		\$ 47,921	47,921	-
Recycling Tonnage Grant- Reserve	A-7	22,660		22,660	-
Clean Communities Program - Reserve	A-20	34,034		34,034	-
Total Miscellaneous Revenues	A-1	2,947,489	47,921	3,231,251	\$ 235,841
Receipts from Delinquent Taxes	A-2,A-8	575,000	-	671,939	96,939
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	17,774,777		19,297,703	1,522,926
Minimum Library Tax	A-2	692,843		692,843	-
Total Amount to Be Raised by Taxation	A	18,467,620	-	19,990,546	1,522,926
Budget Totals	A-3	\$ 25,565,109	\$ 47,921	\$ 27,468,736	\$ 1,855,706
Non-Budget Revenues	A-2,A-1			583,621	
				\$ 28,052,357	

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, 2016**  
**(Continued)**

	<u>Reference</u>		
<b>ANALYSIS OF REALIZED REVENUES</b>			
Allocation of Current Tax Collections			
Revenue from Collections	A-8		\$ 57,768,111
Less: Allocated to School and County Taxes	A-18,A-17,A-16		<u>39,877,565</u>
			17,890,546
Add: Reserve for Uncollected Taxes	A-3		<u>2,100,000</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u>\$ 19,990,546</u>
Interest on Investments and Deposits			
Cash Receipts	A-11	\$	90,362
Due from General Capital Fund	C-11		176
Due from Other Trust Fund- Escrow	B-5		574
Due from Other Trust Fund- General	B-6		<u>723</u>
	A-2	\$	<u>91,835</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, 2016**  
(Continued)

Reference

ANALYSIS OF NON-BUDGET REVENUES

Verizon Franchise Fees	\$	99,175
Cable Franchise Fees		166,810
Hotel Franchise Tax		96,769
Prior Year Outside Duty Fees		141,000
Division of Motor Vehicles		4,332
Bus Shelter		13,500
Forfeiture of Tax Title Lien Premium		4,100
Prior Year Refund		40,758
Other		<u>17,177</u>
	A-2, A-4	<u>\$ 583,621</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, 2016**

GENERAL APPROPRIATIONS OPERATIONS - WITHIN "CAPS"	<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>	
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries and Wages	\$ 250,000	\$ 250,000	\$ 232,644	\$ 17,356	
Other Expenses	110,000	110,000	86,798	23,202	
Mayor and Council					
Salaries and Wages	36,000	36,000	35,270	730	
Financial Administration					
Salaries and Wages	250,000	250,000	236,620	13,380	
Other Expenses	61,200	81,200	72,567	8,633	
Other Expenses - ADP Payroll Service	40,315	60,315	47,587	12,728	
Audit Services					
Other Expenses	50,960	55,960	55,960	-	
Revenue Administration (Tax Collection)					
Salaries and Wages	200,000	200,000	189,527	10,473	
Other Expenses	40,000	40,000	16,495	23,505	
Postage	40,000	40,000	25,037	14,963	
Tax Assessment Administration					
Salaries and Wages	75,000	75,000	68,686	6,314	
Other Expenses	35,000	35,000	19,962	15,038	
Legal Services and Costs					
Salaries and Wages	70,000	70,000	69,634	366	
Other Expenses	20,000	35,000	27,396	7,604	
Engineering Services and Costs					
Other Expenses	45,000	45,000	27,968	17,032	
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries and Wages	9,000	9,000	8,423	577	
Other Expenses	8,000	8,000	2,515	5,485	
Master Plan	20,000	20,000	-	20,000	
Zoning Board of Adjustment					
Salaries and Wages	10,000	10,000	6,815	3,185	
Other Expenses	15,000	15,000	5,623	9,377	
Council on Affordable Housing					
Other Expenses	45,000	45,000	42,327	2,673	
Municipal Court					
Salaries and Wages	235,000	235,000	174,612	60,388	
Other Expenses	25,000	25,000	10,896	14,104	
Public Defender					
Salaries and Wages	17,000	17,000	10,798	6,202	
<b>INSURANCE</b>					
General Liability	426,900	426,900	378,069	48,831	
Workers Compensation	367,400	367,400	358,609	8,791	
Group Insurance Plan for Employees	2,857,479	2,857,479	2,702,970	154,509	
Health Benefit Waiver	10,000	10,000	-	10,000	

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, 2016**

GENERAL APPROPRIATIONS 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>	
<b>PUBLIC SAFETY FUNCTIONS</b>					
Department of Police					
Salaries and Wages-Regular	\$ 5,000,000	\$ 4,976,360	\$ 4,896,064	\$ 80,296	
Salaries and Wages-Crossing Guards	87,000	92,000	90,816	1,184	
Salaries and Wages-Other Police Pers.	86,000	103,500	99,245	4,255	
Other Expenses - Regular	299,000	309,000	290,128	18,872	
Other Expenses - Clothing Allowance	48,000	51,250	51,250	-	
Purchase of Police Vehicles	65,000	65,000	63,277	1,723	
Police Dispatch/911					
Salaries and Wages	168,300	168,300	161,202	7,098	
Office of Emergency Management					
Other Expenses	10,710	10,710	4,518	6,192	
Aid to Volunteer Ambulance Companies					
First Aid Organization-Contribution	50,000	50,000	50,000	-	
Ambulance Stipend	10,000	25,000	19,600	5,400	
Fire Department					
Salaries and Wages-Exempt Firemen					-
Other Expenses-Miscellaneous	150,000	175,000	169,585	5,415	
Other Expenses-Clothing Allowance	56,100	56,100	48,389	7,711	
Other Expenses-Rental of Firehouse	55,000	55,000	55,000	-	
Uniform Fire Safety (Ch. 383, P.L. 1983)					
Salaries and Wages - Fire Official	74,460	74,460	71,876	2,584	
Other Expenses	7,959	7,959	-	7,959	
Municipal Prosecutor					
Prosecutor - Contractual	25,469	25,469	20,349	5,120	
<b>PUBLIC WORKS FUNCTION</b>					
Streets and Roads Maintenance					
Salaries and Wages	1,230,000	1,230,000	1,186,000	44,000	
Other Expenses	390,000	390,000	361,433	28,567	
Other Public Works Functions					
Other Expenses - Traffic Lights	65,000	65,000	26,228	38,772	
Shade Tree					
Other Expenses	6,000	6,000	1,200	4,800	
Solid Waste Collection					
Salaries and Wages	80,012	85,012	82,567	2,445	
Contract - Collections -Recycling	290,000	290,000	202,103	87,897	
Contract - Collections - Solid Waste/Tipping Fees	1,060,000	1,105,000	1,075,138	29,862	
Vehicle Maintenance					
Other Expense	78,000	78,000	29,412	48,588	
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>					
Board of Health					
Salaries and Wages	12,000	12,000	11,613	387	
Other Expenses	65,000	65,000	62,927	2,073	



**BOROUGH OF ELMWOOD PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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>	
GENERAL APPROPRIATIONS (Cont'd.) OPERATIONS WITHIN "CAPS" (Cont'd.)					
<b>HEALTH AND HUMAN SERVICES</b>					
FUNCTIONS (Continued)					
Animal Control Services					
Other Expenses	\$ 30,000	\$ 30,000	\$ 26,194	\$ 3,806	
Veterans Services Bureau					
Other Expenses	4,200	4,200	-	4,200	
<b>PARKS AND RECREATION FUNCTIONS</b>					
Recreation Commission RS 40:12-1					
Salaries and Wages	380,000	380,000	380,000	-	
Other Expenses	125,000	125,000	110,845	14,155	
Senior Citizen Committee					
Other Expenses	28,000	28,000	26,722	1,278	
Maintenance of Parks					
Other Expenses	30,500	40,500	31,158	9,342	
<b>OTHER COMMON OPERATING</b>					
FUNCTIONS					
Celebration of Public Events					
Other Expenses	80,000	80,000	29,837	50,163	
<b>CODE ENFORCEMENT AND</b>					
ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries and Wages	235,000	235,000	217,867	17,133	
Other Expenses	85,000	95,500	88,899	6,601	
Rent Leveling					
Salaries and Wages	1,600	1,600	-	1,600	
Other Expenses	350	350	-	350	
<b>UTILITY EXPENSES AND BULK</b>					
PURCHASES					
Electricity and Gas	385,000	290,000	203,918	86,082	
Street Lighting	375,000	325,000	291,045	33,955	
Telephone/Communications	70,000	70,000	55,602	14,398	
Gasoline	228,525	183,525	94,442	89,083	-
<b>Total Operations Within "CAPS"</b>	<b>16,896,439</b>	<b>16,889,049</b>	<b>15,600,257</b>	<b>1,288,792</b>	<b>-</b>
Contingent	10,000	10,000	-	10,000	-
<b>Total Operations including Contingent-Within "CAPS"</b>	<b>16,906,439</b>	<b>16,899,049</b>	<b>15,600,257</b>	<b>1,298,792</b>	<b>-</b>
Detail:					
Salaries and Wages	8,541,841	8,535,701	8,250,628	285,073	-
Other Expenses	8,364,598	8,363,348	7,349,629	1,013,719	-

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, 2016**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or 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.)	\$ 409,734	\$ 409,734	\$ 356,155	\$ 53,579	-
Police and Firemen's Retirement System	1,149,315	1,149,315	1,149,315	-	-
Public Employees Retirement System	389,763	389,763	389,763	-	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,948,812</u>	<u>1,948,812</u>	<u>1,895,233</u>	<u>53,579</u>	<u>-</u>
Total General Appropriation for Municipal Purposes within "CAPS"	<u>18,855,251</u>	<u>18,847,861</u>	<u>17,495,490</u>	<u>1,352,371</u>	<u>-</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Sewerage Processing and Disposal Passaic Valley Sewer Commission Operating and Maintenance Costs and Debt Service	1,247,586	1,247,586	1,247,586	-	-
Landfill/Solid Waste Disposal Costs Recycling Tax	24,000	31,000	27,651	3,349	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library Other Expenses	692,843	692,843	692,843	-	
PUBLIC SAFETY FUNCTIONS					
LOSAP	60,000	60,000	-	60,000	
INSURANCE					
Group Insurance Plan for Employees	<u>46,686</u>	<u>46,686</u>	<u>46,686</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>2,071,115</u>	<u>2,078,115</u>	<u>2,014,766</u>	<u>63,349</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	22,660	22,660	8,460	14,200	
Clean Communities Grant - Reserve	34,034	34,034	22,406	11,628	
Alcohol Ed	12,278	12,278	12,278	-	
Hazardous Discharge Site	-	47,921	44,849	3,072	
Body Armor Replacement	<u>3,970</u>	<u>3,970</u>	<u>-</u>	<u>3,970</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>153,942</u>	<u>201,863</u>	<u>168,993</u>	<u>32,870</u>	<u>-</u>

**BOROUGH OF ELMWOOD PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS (Cont'd.)					
OPERATIONS EXCLUDED FROM "CAPS" (Cont'd.)					
 Total Operations Excluded from "CAPS"	\$ 2,225,057	\$ 2,279,978	\$ 2,183,759	\$ 96,219	-
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	<u>2,225,057</u>	<u>2,279,978</u>	<u>2,183,759</u>	<u>96,219</u>	<u>-</u>
 CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
 Total Capital Improvement Fund - Excluded from "CAPS"	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
 MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,285,000	1,285,000	1,285,000	-	-
Interest on Bonds	249,864	249,864	249,864	-	-
Loan Repayments for Principal and Interest - EIT Loan	<u>268,000</u>	<u>268,390</u>	<u>268,386</u>	<u>-</u>	<u>\$ 4</u>
 Total Municipal Debt Service - Excluded from "CAPS"	<u>1,802,864</u>	<u>1,803,254</u>	<u>1,803,250</u>	<u>-</u>	<u>4</u>
 DEFERRED CHARGES EXCLUDED FROM "CAPS"					
General Capital Deferred Charges Unfunded					
Ordinance #10-17	26,179	26,179	26,179	-	-
Ordinance #13-20	77,758	77,758	77,758	-	-
Ordinance #13-27	238,000	238,000	238,000	-	-
Ordinance #14-03	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>	<u>-</u>
 Total Deferred Charges - Excluded from "CAPS"	<u>531,937</u>	<u>531,937</u>	<u>531,937</u>	<u>-</u>	<u>-</u>
 Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,609,858</u>	<u>4,665,169</u>	<u>4,568,946</u>	<u>96,219</u>	<u>4</u>
 Subtotal General Appropriations	<u>23,465,109</u>	<u>23,513,030</u>	<u>22,064,436</u>	<u>1,448,590</u>	<u>4</u>
 Reserve for Uncollected Taxes	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>-</u>	<u>-</u>
 Total General Appropriations	<u>\$ 25,565,109</u>	<u>\$ 25,613,030</u>	<u>\$ 24,164,436</u>	<u>\$ 1,448,590</u>	<u>\$ 4</u>
	<u>Reference</u>	A-2		A	

**BOROUGH OF ELMWOOD PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

	<u>Reference</u>		<u>Budget After Modification</u>	<u>Expended Paid or Charged</u>
Budget as Adopted	A-2	\$ 25,565,109		
Added by N.J.S.A. 40A:4-87	A-2	<u>47,921</u>		
	A-3		<u>\$ 25,613,030</u>	
Cash Disbursements	A-4			\$ 21,325,111
Reserve for Uncollected Taxes	A-2			2,100,000
Appropriated Reserve- Alcohol Ed	A-21			12,278
Encumbrances Payable	A-13			<u>727,047</u>
				<u>\$ 24,164,436</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, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Cash	B-1	\$ 19,008	\$ 10,751
Due from State of New Jersey	B-3	<u>161</u>	<u>157</u>
		<u>19,169</u>	<u>10,908</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	3,635,063	3,763,193
Due From Current Fund - Reserve for Accumulated Absences	B-7	<u>198,989</u>	<u>99,712</u>
		<u>3,834,052</u>	<u>3,862,905</u>
<b>UNEMPLOYMENT TRUST FUND</b>			
Cash	B-1	<u>196,180</u>	<u>187,293</u>
		<u>196,180</u>	<u>187,293</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	440,094	302,862
Contribution Receivable	B	18,200	41,300
Due from Borough- Plan Assets	A-22	<u>102,752</u>	<u>176,138</u>
		<u>561,046</u>	<u>520,300</u>
<b>Total Assets</b>		<u>\$ 4,610,447</u>	<u>\$ 4,581,406</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, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Pre-Paid Licenses	B-4	\$ 1,083	
Reserve for Animal Control Expenditures	B-2	<u>18,086</u>	<u>\$ 10,908</u>
		<u>19,169</u>	<u>10,908</u>
<b>OTHER TRUST FUND</b>			
Multiple Dwelling Emergency Deposits	B-8	43,336	43,314
Other Deposits	B-9	2,991,524	3,044,424
Reserve for Recreation Expenditures	B-10	644,950	593,613
Reserve for Developer's Escrow Deposits	B-13	147,669	172,974
Reserve for Payroll Salary and Wages Payable	B-11, B-12	527	5,378
Due to Current Fund - TTL	B-14	2,270	-
Due to Current Fund- Escrow	B-6	<u>3,776</u>	<u>3,202</u>
		<u>3,834,052</u>	<u>3,862,905</u>
<b>UNEMPLOYMENT TRUST FUND</b>			
Reserve for Unemployment Compensation Insurance	B-5	<u>196,180</u>	<u>187,293</u>
		<u>196,180</u>	<u>187,293</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Net Position Available for Benefits	B	<u>561,046</u>	<u>520,300</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 4,610,447</u>	<u>\$ 4,581,406</u>

**BOROUGH OF ELMWOOD PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 3,463,575	\$ 696,818
Grants Receivable	C-7	1,443,153	1,368,496
Infrastructure Loan Receivable	C-5	17,514	23,431
Deferred Charges to Future Taxation:			
Funded	C-4	10,206,507	11,697,348
Unfunded	C-9	<u>5,957,985</u>	<u>5,543,227</u>
 Total Assets		 <u>\$ 21,088,734</u>	 <u>\$ 19,329,320</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-14	\$ 7,660,000	\$ 8,945,000
NJ Infrastructure Loan Payable	C-15	2,546,507	2,752,348
Bond Anticipation Notes	C-16	4,285,000	
Due to Current Fund	C-10	83	12
Contracts Payable	C-11	1,994,144	1,932,531
Reserve for Grants Receivable	C-7	1,050,113	1,288,496
Reserve for Payment of Bonds	C-6	757,921	63,946
Improvement Authorizations:			
Funded	C-13	636,495	919,380
Unfunded	C-13	1,080,690	2,344,226
Capital Improvement Fund	C-9	298,504	304,104
Fund Balance	C-1	<u>779,277</u>	<u>779,277</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 21,088,734</u>	 <u>\$ 19,329,320</u>

There were bonds and notes authorized but not issued of \$1,672,985 and \$5,543,227 at December 31, 2016 and 2015, 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, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</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, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	D-5	\$ 4,018,960	\$ 2,999,637
Due from Current Fund	D-20		18
Due from Water Utility Capital Fund	D-9	<u>16</u>	<u>38</u>
		<u>4,018,976</u>	<u>2,999,693</u>
Receivables and Inventory			
Consumer Accounts Receivable	D-7	121,041	147,305
Inventory	D-10	<u>500</u>	<u>500</u>
		<u>121,541</u>	<u>147,805</u>
<b>Total Assets</b>		<u>\$ 4,140,517</u>	<u>\$ 3,147,498</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Liabilities			
Appropriation Reserves	D-4, D-13	\$ 123,749	\$ 74,118
Encumbrances Payable	D-19	378,794	137,507
Accrued Interest on Bonds and Loans	D-14	<u>26,461</u>	<u>28,961</u>
		529,004	240,586
Reserve for Receivables	D	121,041	147,305
Reserve for Inventory	D	500	500
Fund Balance	D-1	<u>3,489,972</u>	<u>2,759,107</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 4,140,517</u>	<u>\$ 3,147,498</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ELMWOOD PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**WATER UTILITY CAPITAL FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

ASSETS	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash	D-5,D-6	\$ 2,827,807	\$ 2,544,756
Infrastructure Trust Loans Receivable	D-8	41,974	41,974
Fixed Capital	D-11	8,652,408	6,889,503
Fixed Capital Authorized and Uncompleted	D-25	<u>560,000</u>	<u>3,095,994</u>
 Total Assets		 <u>\$ 12,082,189</u>	 <u>\$ 12,572,227</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Infrastructure Loans Payable	D-21	\$ 2,576,472	2,818,762
Due to Water Utility Operating Fund	D-9	16	38
Reserve for Amortization	D-18	5,805,686	4,871,396
Deferred Reserve for Amortization	D-12	144,000	1,576,116
Reserve for Payment of Debt	D-23	335,000	335,000
Improvement Authorizations:			
Funded	D-15	77,513	817,629
Unfunded	D-15	351,424	401,324
Capital Improvement Fund	D-16	2,018,000	1,718,000
Downpayments on Improvements	D-17	9,000	9,000
Fund Balance	D-2	<u>765,078</u>	<u>24,962</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 12,082,189</u>	 <u>\$ 12,572,227</u>

There were bonds and notes authorized but not issued of \$686,250 and \$719,223 at December 31, 2016 and 2015, respectively (Exhibit D-24).

**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, 2016 AND 2015**

REVENUE REALIZED	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Rents	D-3	3,617,324	3,466,095
Non-Budget Revenues	D-3	39,696	30,750
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-13	<u>84,125</u>	<u>208,919</u>
		<u>3,741,145</u>	<u>3,705,764</u>
EXPENDITURES			
Budget Expenditures:			
Operations			
Salaries and Wages	D-4	317,000	322,000
Other Expenses	D-4	2,055,000	1,876,719
Debt Service	D-4	288,280	454,218
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>3,010,280</u>	<u>3,002,937</u>
Excess in Revenue		730,865	702,827
Fund Balance, January 1	D	<u>2,759,107</u>	<u>2,056,280</u>
Fund Balance, December 31	D	<u>\$ 3,489,972</u>	<u>\$ 2,759,107</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ELMWOOD PARK  
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS  
WATER UTILITY CAPITAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, January 1	D	\$ 24,962	\$ 24,962
Increase by:			
Improvement Authorizations Cancelled	D-12	<u>740,116</u>	<u>-</u>
Balance, December 31	D	<u>\$ 765,078</u>	<u>\$ 24,962</u>

EXHIBIT D-3

**STATEMENT OF REVENUES - REGULATORY BASIS  
WATER UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>Anticipated</u>	<u>Revenues Realized</u>	<u>Excess or (Deficit)</u>
Rents	D-1, D-7	<u>3,031,295</u>	<u>3,617,324</u>	<u>\$ 586,029</u>
	D-1	<u>\$ 3,031,295</u>	<u>3,617,324</u>	<u>\$ 586,029</u>
Non-Budget Revenues	D-1, D-3		<u>39,696</u>	
			<u>\$ 3,657,020</u>	
<b>ANALYSIS OF NON-BUDGET REVENUES</b>				
Interest on Investments	D-3		<u>\$ 39,696</u>	
	D-1			
<b>ANALYSIS OF INTEREST ON INVESTMENTS</b>				
Due From Water Capital Fund	D-9		\$ 538	
Cash Receipts	D-5		<u>39,158</u>	
	D-3		<u>\$ 39,696</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ELMWOOD PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
WATER UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating					
Salaries and Wages	\$ 497,000	\$ 317,000	\$ 312,142	\$ 4,858	
Other Expenses	1,875,000	2,055,000	1,971,982	83,018	-
<b>Total Operating</b>	<b>2,372,000</b>	<b>2,372,000</b>	<b>2,284,124</b>	<b>87,876</b>	<b>-</b>
Debt Service					
Environmental Infrastructure Principal and Interest	309,295	309,295	288,280	-	\$ 21,015
<b>Total Debt Service</b>	<b>309,295</b>	<b>309,295</b>	<b>288,280</b>	<b>-</b>	<b>21,015</b>
Capital Improvements					
Capital Improvement Fund	300,000	300,000	300,000	-	-
<b>Total Capital Improvements</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	50,000	50,000	14,127	35,873	-
<b>Total Deferred Charges and Statutory Expenditures</b>	<b>50,000</b>	<b>50,000</b>	<b>14,127</b>	<b>35,873</b>	<b>-</b>
	<b>\$ 3,031,295</b>	<b>\$ 3,031,295</b>	<b>\$ 2,886,531</b>	<b>\$ 123,749</b>	<b>\$ 21,015</b>

Reference

Cash Disbursed	D-5	\$ 2,464,246
Encumbrances Payable	D-19	378,794
Accrued Interest	D-14	43,491
		<u>\$ 2,886,531</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ELMWOOD PARK**  
**COMPARATIVE BALANCE SHEETS - GENERAL FIXED ASSETS ACCOUNT GROUP**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Land	\$ 12,775,199	\$ 12,775,199
Land Improvements	576,747	143,562
Construction In Progress		129,166
Buildings and Improvements	7,593,282	7,577,837
Vehicles and Equipment	<u>9,608,895</u>	<u>9,247,559</u>
	<u>\$ 30,554,123</u>	<u>\$ 29,873,323</u>
 <b>LIABILITIES</b>		
Investment in General Fixed Assets	<u>\$ 30,554,123</u>	<u>\$ 29,873,323</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 AND 2015**

**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, 2016 AND 2015**

**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, 2015 balances to conform to the December 31, 2016 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 except for the water utility operating fund. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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 11<sup>th</sup> 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, 2016 AND 2015**

**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, 2016 AND 2015**

**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 estimated fair market 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.

**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.

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

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 2016 the Borough Council increased the original budget by \$47,921. There were no increases during 2015. The increase in 2016 was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2016 and 2015.

**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.

**BOROUGH OF ELMWOOD PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015, the book value of the Borough's deposits were \$24,405,234 and \$20,291,956 and bank and brokerage firm balances of the Borough's deposits amounted to \$24,503,106 and \$20,463,603, 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>2016</u>	<u>2015</u>
Insured	\$ 23,967,619	\$ 19,930,279
Uninsured and Collateralized	<u>535,487</u>	<u>533,324</u>
	<u>\$ 24,503,106</u>	<u>\$ 20,463,603</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, 2016 and 2015, the Borough's bank balances of \$535,487 and \$533,324 were exposed to custodial credit risk as follows:

	<u>2016</u>	<u>2015</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 535,487</u>	<u>\$ 533,324</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, 2016 AND 2015**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

As of December 31, 2016 and 2015, the Borough had the following investments:

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

	<b><u>Fair Value</u></b>
<b><u>2015</u></b>	
Investment:	
Length of Service Awards Program (Unaudited)	\$ <u>302,862</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, 2016 and 2015, \$440,094 and \$302,862 of the Borough’s investments was exposed to custodial credit risk as follows:

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

	<b><u>Fair Value</u></b>
<b><u>2015</u></b>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>302,862</u>



**BOROUGH OF ELMWOOD PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015, 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 Utility Capital Fund are assigned to the Utility Operating Fund in accordance with the regulatory basis of accounting.

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at December 31, 2016 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<b><u>2016</u></b>			
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, 2016 AND 2015**

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

Receivables at December 31, 2015 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<b>2015</b>			
Property Taxes	\$ 619,072		\$ 619,072
Tax Title Liens	574,563		574,563
Utility Charges and Fees	-	\$ 147,305	147,305
	<u>\$ 1,193,635</u>	<u>\$ 147,305</u>	<u>\$ 1,340,940</u>

In 2015, the Borough collected \$579,022 and \$756,637 from delinquent taxes and utility charges and fees, which represented 47% and 100% of the delinquent tax and water charges receivable at December 31, 2014.

**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>2016</u>		<u>2015</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	\$ 6,129	\$ 198,989	\$ 3,502	\$ 100,018
Trust Fund:				
Other Trust- Reserve for Accumulated Absences	198,989		100,000	
Other Trust Fund		2,270		288
Other Trust- Escrow		3,776		3,202
General Capital Fund		83		12
Water Utility Fund:				
Operating	16		56	
Capital	-	16	-	38
Total	<u>\$ 205,134</u>	<u>\$ 205,134</u>	<u>\$ 103,558</u>	<u>\$ 103,558</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, 2016 AND 2015**

**NOTE 6 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Water 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>2016</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2015</u>	Utilized in Subsequent <u>Year's Budget</u>
<b>Current Fund</b>				
Cash Surplus	\$ 5,568,580	\$ 3,575,000	\$ 5,736,504	\$ 3,575,000
Non-Cash Surplus	<u>21,105</u>	<u>-</u>	<u>21,105</u>	<u>-</u>
	<u>\$ 5,589,685</u>	<u>\$ 3,575,000</u>	<u>\$ 5,757,609</u>	<u>\$ 3,575,000</u>
<b>Water Utility Operating Fund</b>				
Cash Surplus	\$ 3,489,972	\$ -	\$ 2,759,107	-
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,489,972</u>	<u>\$ -</u>	<u>\$ 2,759,107</u>	<u>\$ -</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015.

	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>				
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>
	Balance January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Land	\$ 12,775,199			\$ 12,775,199
Land Improvements				143,562
Construction in Progress	-	\$ 129,166		129,166
Buildings and Building Improvements	7,717,639	3,760		7,577,837
Machinery and Equipment	<u>8,719,650</u>	<u>527,909</u>	<u>-</u>	<u>9,247,559</u>
	<u>\$ 29,212,488</u>	<u>\$ 660,835</u>	<u>\$ -</u>	<u>\$ 29,873,323</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 7 FIXED ASSETS (Continued)**

**B. Water Utility Fund Fixed Assets**

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2016 and 2015.

<b>Water Utility Fund</b>	Balance, January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>				
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>
	Balance, January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Fixed Capital				
Water System Improvements and Equipment	\$ 6,889,503	-	-	\$ 6,889,503
Total	<u>\$ 6,889,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,889,503</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Loans and Notes	\$ 14,491,507	\$ 11,697,348
Water Utility		
Bonds and Loans	2,576,472	2,818,762
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(1,092,921)</u>	<u>(558,946)</u>
Net Debt Issued	15,975,058	13,957,164
Authorized But Not Issued		
General		
Bonds and Notes	1,672,985	5,543,227
Water Utility		
Bonds and Notes	<u>686,250</u>	<u>719,223</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 18,334,293</u>	<u>\$ 20,219,614</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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 .72% and .80% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2016</u></b>			
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>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	\$ 17,240,575	\$ 558,946	\$ 16,681,629
School Debt	29,165,000	29,165,000	-
Water Utility Debt	<u>3,537,985</u>	<u>3,537,985</u>	<u>-</u>
Total	<u>\$ 49,943,560</u>	<u>\$ 33,261,931</u>	<u>\$ 16,681,629</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>2016</u>	<u>2015</u>
3.5% of Equalized Valuation Basis (Municipal) Net Debt	\$ 65,652,514 <u>15,071,571</u>	\$ 72,330,301 <u>16,681,629</u>
Remaining Borrowing Power	<u>\$ 50,580,943</u>	<u>\$ 55,648,672</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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>2016</u>	<u>2015</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%	\$ 345,000	\$ 495,000
\$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%	1,595,000	2,355,000
\$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>5,720,000</u>	<u>6,095,000</u>
	<u>\$ 7,660,000</u>	<u>\$ 8,945,000</u>

**General Intergovernmental Loans Payable**

The Borough has entered into a loan agreement 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>2016</u>	<u>2015</u>
\$4,108,388 2007 EIT Loan, due in semi-annual installments of \$205,086 to \$259,055 through August 1, 2027, interest at 3.00% to 5.00%	<u>\$ 2,546,507</u>	<u>\$ 2,752,348</u>



**BOROUGH OF ELMWOOD PARK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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:

	<u>2016</u>	<u>2015</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>2,576,472</u>	\$ <u>2,818,762</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2016 is as follows:

Calendar Year	General Bonds		General Loans		Water Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 1,325,000	\$ 203,825	\$ 205,086	\$ 63,188	\$ 246,643	\$ 63,506	\$ 2,107,248
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
2022-2026	2,865,000	168,413	1,217,392	128,988	1,294,545	112,538	5,786,876
2027	-	-	253,138	6,586	-	-	259,724
<b>Total</b>	<b>\$ 7,660,000</b>	<b>\$ 868,529</b>	<b>\$ 2,546,507</b>	<b>\$ 402,364</b>	<b>\$ 2,576,472</b>	<b>\$ 378,068</b>	<b>\$ 14,431,940</b>

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
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>246,643</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>\$ 246,643</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt (Continued)**

	Balance, January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
General Capital Fund					
Bonds Payable	\$ 10,201,000		\$ 1,256,000	\$ 8,945,000	\$ 1,285,000
Intergovernmental Loans Payable	<u>2,946,950</u>	<u>-</u>	<u>194,602</u>	<u>2,752,348</u>	<u>199,924</u>
General Capital Fund Long-Term Liabilities	<u>\$ 13,147,950</u>	<u>\$ -</u>	<u>\$ 1,450,602</u>	<u>\$ 11,697,348</u>	<u>\$ 1,484,924</u>
Water Utility Capital Fund					
Bonds Payable	\$ 150,000		\$ 150,000		
Intergovernmental Loans Payable	<u>3,056,535</u>	<u>-</u>	<u>237,773</u>	<u>2,818,762</u>	<u>\$ 242,289</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 3,206,535</u>	<u>\$ -</u>	<u>\$ 387,773</u>	<u>\$ 2,818,762</u>	<u>\$ 242,289</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2015</u>	<u>Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2016</u>
<b><u>2016</u></b>						
<b><u>General Capital Fund</u></b>						
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

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2014</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
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**2015**

**General Capital Fund**

There were none.

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.

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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>
<b><u>2016</u></b>		
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>	
<b><u>2015</u></b>		
2014 Road Program	\$ 190,728	2016
English Park Improvements	206,359	2016
Boulevard Improvements Section 8, 9 and 10	219,049	2016
2015 Road Program	424,156	2016
Market Street Force Main Improvements	345,919	2016
ADA Curb Improvements	<u>299,000</u>	2016
	<u>\$ 1,685,211</u>	

**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 \$2,872,132 and \$2,880,297 at December 31, 2016 and 2015, 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, 2016 and 2015, the Borough has reserved in the Other Trust Fund \$1,695,192 and \$1,866,880, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)**

**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, 2016 and 2015 were as follows:

	Balance, January 1, <u>2016</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
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>

	Balance, January 1, <u>2015</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
Compensated Absences	\$ 3,050,253	\$ 139,205	\$ 309,161	\$ 2,880,297	\$ 100,000
Net Pension Liability - PERS	8,352,112	2,214,544	389,763	10,176,893	
Net Pension Liability - PFRS	<u>16,987,099</u>	<u>7,713,378</u>	<u>1,149,315</u>	<u>23,551,162</u>	<u>-</u>
	<u>\$ 28,389,464</u>	<u>\$ 10,067,127</u>	<u>\$ 1,848,239</u>	<u>\$ 36,608,352</u>	<u>\$ 100,000</u>

**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.

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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 CPPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

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

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

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

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The CPFPPF system is 19.15 percent funded with an unfunded actuarial accrued liability of \$8.0 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

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, 2015 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) 7.65% for investment rate of return for all the retirement systems except CPFPPF ( 2.85%) 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.



**BOROUGH OF ELMWOOD PARK  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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, 7.06% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2016.

**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, 2016 and 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. 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, 2016, 2015 and 2014, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2016	\$ 1,149,315	\$ 389,763
2015	1,037,220	367,761
2014	953,063	331,353

**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, 2016 and 2015, the Borough reported a liability of \$12,677,296 and \$10,176,893, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, 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, 2016, the Borough's proportionate share was .04280 percent, which was a decrease of .0253 percent from its proportionate share measured as of June 30, 2015 of .04533 percent.

**BOROUGH OF ELMWOOD PARK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be \$1,168,525 and \$730,344, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$389,763 and \$367,761, respectively. At December 31, 2016 and 2015, 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:

	2016		2015	
	<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	\$ 235,759		\$ 1,092,917	
Changes of Assumptions	2,626,059		242,785	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	483,397			\$ 163,625
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	173,576	\$ 412,547	222,046	-
<b>Total</b>	<b>\$ 3,518,791</b>	<b>\$ 412,547</b>	<b>\$ 1,557,748</b>	<b>\$ 163,625</b>

At December 31, 2016 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2017	\$ 745,934
2018	745,934
2019	745,934
2020	694,432
2021	174,010
Thereafter	-
	<u>\$ 3,106,244</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The Borough's 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. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40%
Through 2026	1.65-4.15%	Based on Age
Thereafter	2.65-5.15%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF ELMWOOD PARK  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</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>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***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>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%

**BOROUGH OF ELMWOOD PARK  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, 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, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, 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 (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
<b>2016</b>			
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>
	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
<b>2015</b>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 12,648,633</u>	<u>\$ 10,176,893</u>	<u>\$ 8,104,604</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. 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  
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**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](http://www.state.nj.us/treasury/pensions).

**Police and Firemen’s Retirement System (PFRS)**

At December 31, 2016 and 2015, the Borough reported a liability of \$26,673,556 and \$23,551,162, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, 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, 2016, the Borough’s proportionate share was .13963 percent, which was a decrease of .00176 percent from its proportionate share measured as of June 30, 2015 of .14139 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be \$3,071,133 and \$2,297,659, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough’s financial statements of \$1,149,315 and \$1,037,220, respectively. At December 31, 2016 and 2015, 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:

	2016		2015	
	<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		\$ 174,849		\$ 203,136
Changes of Assumptions	\$ 3,694,507		\$ 4,348,129	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,868,962			409,887
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>883,820</u>	<u>202,420</u>	<u>1,145,165</u>	<u>-</u>
Total	<u>\$ 6,447,289</u>	<u>\$ 377,269</u>	<u>\$ 5,493,294</u>	<u>\$ 613,023</u>

**BOROUGH OF ELMWOOD PARK  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2016 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,	Total
2017	\$ 1,626,613
2018	1,626,613
2019	1,626,613
2020	1,180,214
2021	9,967
Thereafter	-
	<u>\$ 6,070,020</u>

**Actuarial Assumptions**

The Borough's 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. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
Through 2026	2.10-8.98%	Based on Age
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
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, 2015 and July 1, 2014 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  
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**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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</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>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***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>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%



**BOROUGH OF ELMWOOD PARK  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2050

Municipal Bond Rate \*    From July 1, 2050  
and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, 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, 2016 and 2015 calculated using the discount rate of 5.55% and 5.79%, 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 (4.55% and 4.79%, respectively) or 1-percentage-point higher (6.55% and 6.79%, respectively) than the current rate:

	<b>1% Decrease (4.55%)</b>	<b>Current Discount Rate (5.55%)</b>	<b>1% Increase (6.55%)</b>
<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>
	<b>1% Decrease (4.79%)</b>	<b>Current Discount Rate (5.79%)</b>	<b>1% Increase (6.79%)</b>
<u>2015</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 31,047,908</u>	<u>\$ 23,551,162</u>	<u>\$ 17,438,235</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. 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, 2016 AND 2015**

**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 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, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,239,917 and \$2,065,358, respectively. For the years ended December 31, 2016 and 2015, 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 \$286,090 and \$257,624 respectively, which is more than the actual contributions the State made on behalf of the Borough of \$85,827 and \$107,512, 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
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**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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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](http://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, 2016 AND 2015**

**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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.9 billion for state active and retired members, \$16.8 billion for local active and retired members and \$41.6 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, 2015 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$181.9 million for 10,725 eligible retired members for Fiscal Year 2016. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF ELMWOOD PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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 \$48.3 million in Fiscal Year 2016 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, 2016, 2015 and 2014 were \$1,146,426, \$1,075,963 and \$961,788, 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, 2016, 2015 and 2014 were \$78,413, \$67,389 and \$66,870, 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 the 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, 2016 AND 2015**

**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 December 31</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 10,882	\$ 1,995	\$ 196,180
2015	19,199	6,371	187,293
2014	9,767	7,521	174,465

**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, 2016 and 2015. 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, 2016 and 2015, the Borough reserved \$1,591,212 and \$1,686,646, 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, 2016 and 2015, 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, 2016 AND 2015**

**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, 2016 and 2015, 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 October 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 Volunteer Fire Department and 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 of Elmwood Park has contributed \$700 and \$700 for 2016 and 2015, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough also contributed \$700 and \$700 for 2016 and 2015, respectively for each eligible volunteer first aid squad members into the Plan.

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, 2016 AND 2015**

**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 SUBSEQUENT EVENTS**

**Debt Authorized**

On April 20, 2017 the Borough adopted a bond ordinance authorizing the issuance \$177,600 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.

On April 20, 2017 the Borough adopted a bond ordinance authorizing the issuance \$455,200 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.

On May 18, 2017 the Borough adopted a bond ordinance authorizing the issuance \$320,000 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.

On May 18, 2017 the Borough adopted a bond ordinance authorizing the issuance \$199,000 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, 2016		\$ 10,088,658
Increased by Receipts:		
Taxes Receivable	\$ 58,029,041	
Prepaid Taxes	335,582	
Revenue Accounts Receivable	3,048,915	
Due from State of NJ Senior Citizens' and Veterans Deductions	131,835	
Due from General Capital Fund	105	
Miscellaneous Revenue Not Anticipated	583,621	
Grants Receivable	70,581	
Tax Overpayments	22,402	
Unappropriated Grant Reserves	99,889	
	<u>62,321,971</u>	
		72,410,629
Decreased by Disbursements:		
2016 Appropriations	21,325,111	
2015 Appropriation Reserves	663,698	
County Taxes	5,138,444	
Local District School Taxes	34,724,466	
Payments Made to Other Trust- Reserve for Compensated Absences	100,000	
Payments Made to Other Trust- Tax Title Lien Redemption	2,270	
Payments Made to Water Utility Operating Fund	18	
Restore Alcohol Ed Grant Funds- Payment to Other Trust Fund	21,609	
Payments Made to Losap Plan Assets Accounts	73,386	
Various Reserves	95,434	
Tax Overpayments	22,402	
	<u>62,166,838</u>	
Balance, December 31, 2016		<u>\$ 10,243,791</u>

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

<u>Office</u>	Balance, January 1, <u>2016</u>	Balance, December 31, <u>2016</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>

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

Balance, January 1, 2016		\$ 62,836
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	\$ 131,835	
Senior Citizen Deductions Disallowed by Tax Collector	4,250	
Veterans Deductions Disallowed by Tax Collector	4,000	
Senior Citizen Deductions Disallowed by Tax Collector-2015	<u>4,750</u>	
		<u>144,835</u>
		207,671
Decreased by:		
Senior Citizen Deductions per Tax Billing	31,000	
Veterans Deductions per Tax Billing	105,250	
Veterans Deductions Allowed by Tax Collector - 2016	3,000	
Senior Citizen Deductions Allowed by Tax Collector - 2016	<u>500</u>	
		<u>139,750</u>
Balance, December 31, 2016		<u>\$ 67,921</u>

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

	Balance, January 1, 2016	Accrued	Received	Balance, December 31, 2016
Municipal Alliance on Alcohol & Drug Abuse	\$ 21,105			\$ 21,105
Hazardous Discharge Site		\$ 47,921	\$ 47,921	
Recycling Tonnage Grant	-	22,660	22,660	-
	<u>\$ 21,105</u>	<u>\$ 70,581</u>	<u>\$ 70,581</u>	<u>\$ 21,105</u>

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

Year	Balance, January 1, 2016	2016 Levy	Added Taxes	Senior Citizens' and Veterans Deductions		Homestead Benefit Credit	Senior Citizens' and Veterans' Deductions Allowed	Cancelled Liens	Transferred to Tax Title	Balance, December 31, 2016
				Disallowed	Collected In 2015					
2013	\$ 2,600									
2014	11,505									
2015	604,967		\$ 48,237	\$ 4,750	-	-	\$ -	120		
	619,072		48,237	4,750				120		
2016	-	\$ 58,344,413	113,045	8,250	279,509	806,281	139,750	149,138	2,252	\$ 537,957
	\$ 619,072	\$ 58,344,413	\$ 161,282	\$ 13,000	\$ 279,509	\$ 806,281	\$ 139,750	\$ 149,258	\$ 2,252	\$ 537,957

**Analysis of 2016 Tax Levy**

<b>Tax Yield</b>	
General Purpose Tax	\$ 58,344,413
Added Taxes (54-4-63.1 et seq.)	113,045
	<u>\$ 58,457,458</u>
<b>Tax Levy</b>	
Local District School Tax (Abstract)	\$ 34,724,466
County Taxes (Abstract)	5,085,810
County Open Space	52,634
Due County for Added Taxes(54-4-63.1 et seq.)	14,655
	<u>\$ 39,877,565</u>
Local Tax for Municipal Purposes (Abstract)	18,467,620
Additional Tax Levied	112,273
	<u>\$ 18,579,893</u>
	<u>\$ 58,457,458</u>

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

Balance, January 1, 2016	\$ 574,563
Increased by:	
Transfers from Taxes Receivable	<u>2,252</u>
Balance, December 31, 2016	<u>\$ 576,815</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION**

Balance, January 1, 2016	<u>\$ 23,450</u>
Balance, December 31, 2016	<u>\$ 23,450</u>

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

	Balance, January 1, <u>2016</u>	Accrued in 2016	Collected	Balance, December 31, <u>2016</u>
Borough Clerk				
Liquor Licenses		\$ 22,780	\$ 22,780	
Licenses - Other		26,491	26,491	
Fees and Permits - Other		148,441	148,441	
Construction Code Official				
Fees and Permits		326,272	326,272	
Interest on Investments		90,362	90,362	
Interest and Costs on Taxes		171,796	171,796	
Municipal Court				
Fines and Costs	\$ 53,882	659,266	659,266	\$ 53,882
Energy Receipts Tax		1,328,315	1,328,315	
Consolidated Municipal Property Tax Relief Aid		133,589	133,589	
Uniform Fire Safety Act		54,317	54,317	
Trunk Sewer Revenue	-	87,286	87,286	-
	<u>\$ 53,882</u>	<u>\$3,048,915</u>	<u>\$3,048,915</u>	<u>\$ 53,882</u>

**BOROUGH OF ELMWOOD PARK**  
**STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance, January 1, <u>2016</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transfer to Accumulated <u>Absences</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>					
General Administration	\$ 56,719	\$ 56,721		\$ 50,000	\$ 6,721
Mayor & Council	2,039	2,039			2,039
Financial Administration	11,313	11,313			11,313
Revenue Administration	16,496	16,496	\$ 195		16,301
Tax Assessment Administration	12,488	12,488			12,488
Legal Services & Costs	6,793	10,148	10,148		-
Planning Board	428	428	70		358
Zoning Board	2,217	2,217	64		2,153
Municipal Court	39,843	39,843			39,843
Public Defender	6,059	6,059			6,059
Police	136,765	136,765		100,000	36,765
Police- Dispatch 911	13,107	13,107			13,107
Fire Official	6,662	6,662			6,662
Municipal Prosecutor	5,246	5,246			5,246
Streets & Roads	58,569	58,569			58,569
Solid Waste Collections	813	813			813
Board of Health	3,952	3,952			3,952
Parks & Recreation	2,079	2,079			2,079
Construction Code Official	15,714	15,714			15,714
<b>Other Expenses</b>					
General Administration	18,197	22,418	5,394		17,024
Financial Administration	23,445	24,399	3,554		20,845
Financial Administration-ADP Payroll Service	4,478	8,502	7,767		735
Annual Audit	50,135	50,135	50,135		-
Revenue Administration	16,978	17,632	247		17,385
Postage	10,943	14,630	-		14,630
Tax Assessment Administration	10,684	10,802	5,137		5,665
Legal Services & Costs	16,703	17,590	213		17,377
Engineering Services & Costs	14,621	16,314	2,564		13,750
Planning Board	163	2,963	-		2,963
Master Plan	10,000	10,000	-		10,000
Zoning Board of Adjustment	981	1,331	350		981
Council on Affordable Housing	2,500	11,425	8,856		2,569
Municipal Court	9,262	11,413	2,447		8,966
General Liability Insurance	66,385	66,385	4,412		61,973
Employee Group Insurance	30,784	39,414	2,568		36,846
Health Benefit Waiver	10,000	10,000	-		10,000
Police Department	49,790	75,255	30,260		44,995
Police Department - Clothing Allowance	2,792	2,792			2,792
Office of Emergency Management	5,709	5,719	100		5,619
Ambulance Stipend	1,820	1,820	1,820		-



**BOROUGH OF ELMWOOD PARK  
STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance, January 1, 2016	Budget After Modification	Expended	Transfer to Accumulated Absences	Balance Lapsed
<b>Other Expenses (Continued)</b>					
Fire Department - Misc.	\$ 828	\$ 60,221	\$ 57,515		\$ 2,706
Fire Department - Clothing Allowance	16,041	16,041	425		15,616
Fire Official	7,803	7,803	-		7,803
Streets & Roads	4,028	68,951	59,328		9,623
Streets & Roads - Traffic Lights	41,569	44,134	21,809		22,325
Shade Tree	6,000	6,000	-		6,000
Solid Waste - Disposal - Recycling	1,789	231,418	167,045		64,373
Police Department - Vehicle Maintenance	30,672	39,510	1,851		37,659
Board of Health	2,784	2,784	-		2,784
Animal Control	17,679	17,679	-		17,679
Parks & Recreation	1,253	28,738	21,088		7,650
Senior Citizen Committee	7,532	8,305	19		8,286
Maintenance of Parks	5,511	6,058	-		6,058
Celebration of Public Events	2,410	2,410	-		2,410
Construction Code Official	12,337	17,148	5,617		11,531
Rent Leveling Board	350	350	-		350
Electricity	12,528	39,136	25,806		13,330
Street Lighting	139,037	164,037	50,755		113,282
Telephone	1,387	5,666	3,952		1,714
Gasoline	17,682	71,144	8,984		62,160
Recycling Tax	6,849	10,320	4,942		5,378
Social Security System (O.A.S.I.)	72,487	72,487	-	\$ 50,000	22,487
Public Employees Retirement System	3	3	-		3
Contingent	5,500	5,500	-		5,500
LOSAP	60,000	60,000	51,016		8,984
Veterans Services Bureau	4,200	4,200	-		4,200
Recycling Tonnage Grant	35,321	35,613	35,613		-
Body Armor Replacement	1,006	1,006	-		1,006
Clean Communities Grant- Reserve	11,902	12,169	11,632	-	537
	<u>\$ 1,280,160</u>	<u>\$ 1,860,429</u>	<u>\$ 663,698</u>	<u>\$ 200,000</u>	<u>\$ 996,731</u>
Appropriation Reserves		\$ 1,280,160			
Encumbrances Payable		<u>580,269</u>			
		<u>\$ 1,860,429</u>			
Cash Disbursed			<u>\$ 663,698</u>		

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

Balance, January 1, 2016	\$	580,269
Increased by:		
Charges to 2016 Budget Appropriations		<u>727,047</u>
		1,307,316
Decreased by:		
Transferred to Appropriation Reserves		<u>580,269</u>
Balance, December 31, 2016	\$	<u>727,047</u>

**STATEMENT OF PREPAID TAXES**

Balance, January 1, 2016	\$	279,509
Increased by:		
Payment of 2017 Taxes		<u>335,582</u>
		615,091
Decreased by:		
Applied to 2016 Taxes		<u>279,509</u>
Balance, December 31, 2016	\$	<u>335,582</u>

**STATEMENT OF TAX OVERPAYMENTS**

Increased by:		
Cash Receipts	\$	<u>22,402</u>
Decreased by:		
Cash Disbursements		<u>22,402</u>

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

EXHIBIT A-16

Increased by:		
Levy - Calendar Year 2016		<u>\$ 34,724,466</u>
Decreased by:		
Payments		<u>\$ 34,724,466</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

EXHIBIT A-17

Increased by:			
General County Levy - 2016		\$ 5,085,810	
County Open Space Preservation Levy -2016		<u>52,634</u>	
			\$ 5,138,444
Decreased by:			
Payments			<u>5,138,444</u>
Balance December 31, 2016			<u>\$ -</u>

**STATEMENT OF DUE COUNTY FOR ADDED AND OMITTED TAXES**

EXHIBIT A-18

Increased by:		
County Share of Added and Omitted Taxes		<u>\$ 14,655</u>
Balance, December 31, 2016		<u>\$ 14,655</u>

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

	Balance, January 1, <u>2016</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2016</u>
Reserve for:			
Tax Appeals	\$ 1,686,646	\$ 95,434	\$ 1,591,212
Revaluation	<u>37,000</u>	<u>-</u>	<u>37,000</u>
	<u>\$ 1,723,646</u>	<u>\$ 95,434</u>	<u>\$ 1,628,212</u>

EXHIBIT A-20

**STATEMENT OF UNAPPROPRIATED RESERVES - PUBLIC AND PRIVATE PROGRAMS**

	Balance, January 1, <u>2016</u>	Cash <u>Receipts</u>	Anticipated as 2016 Budget <u>Revenue</u>	Balance, December 31, <u>2016</u>
Alcohol Rehab	\$ 12,278		\$ 12,278	
Safe and Secure Grant	60,000	\$ 60,000	60,000	\$ 60,000
Body Armor Replacement	3,970	981	3,970	981
Clean Communities	<u>34,034</u>	<u>38,908</u>	<u>34,034</u>	<u>38,908</u>
	<u>\$ 110,282</u>	<u>\$ 99,889</u>	<u>\$ 110,282</u>	<u>\$ 99,889</u>

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

	Balance, January 1, <u>2016</u>	Transfer from Current <u>Appropriations</u>	Balance, December 31, <u>2016</u>
Municipal Alliance	\$ 1,201		\$ 1,201
Alcohol Education and Rehabilitation Fund	<u>38,945</u>	<u>\$ 12,278</u>	<u>51,223</u>
	<u>\$ 40,146</u>	<u>\$ 12,278</u>	<u>\$ 52,424</u>

**STATEMENT OF PLAN ASSETS DUE TO LOSAP**

Balance, January 1, 2016	\$ 176,138
Decreased by:	
Cash Disbursed to Plan Asset Accounts	<u>73,386</u>
Balance, December 31, 2016	<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, 2016	\$ 10,751	\$ 3,763,193	\$ 187,293
Increased by Receipts:			
Animal License Fees	\$ 7,719		
State Dog License Fees	1,231		
Prepaid License Fees	1,083		
Reserve for Recreation Fees		\$ 659,775	
Payroll Deductions Payable		11,235,359	
Payroll Salary and Wages Payable		6,041,617	
Employee Unemployment Contribution			\$ 10,882
Developer's Escrow Deposits		144,226	
Receipts from Current Fund		102,270	
Interest on Deposits		1,319	
Other Deposits	<u>                    </u>	<u>1,941,802</u>	<u>                    </u>
	10,033	20,126,368	10,882
Decreased by Disbursements:			
State Dog License Fees	1,235		
Expenditures under R.S. 4:19-15.11	541		
Recreation Expenditures		608,438	
Payroll Deductions Payable		11,234,592	
Payroll Salary and Wages Payable		6,047,235	
Payments to Unemployment Trust Fund - State of New Jersey			1,995
Developer's Escrow Deposits		169,531	
Other Deposits	<u>                    </u>	<u>2,194,702</u>	<u>                    </u>
	1,776	20,254,498	1,995
Balance, December 31, 2016	<u>\$ 19,008</u>	<u>\$ 3,635,063</u>	<u>\$ 196,180</u>

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

Balance, January 1, 2016		\$ 10,908
Increased by:		
Dog License Fees	\$ 6,230	
Cat License Fees	571	
Miscellaneous Fees	<u>918</u>	
		<u>7,719</u>
Decreased by:		18,627
Expenditures Under R.S. 4:19-15.11		
Cash Disbursements		<u>541</u>
Balance, December 31, 2016		<u>\$ 18,086</u>

Animal License Fees Collected

<u>Year</u>	
2014	\$ 9,141
2015	<u>10,908</u>
	<u>\$ 20,049</u>

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

Balance, January 1, 2016		\$ 157
Increased by:		
Payments		<u>1,235</u>
		1,392
Decreased by:		
State Fees Collected		<u>1,231</u>
Balance, December 31, 2016		<u>\$ 161</u>

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

Increased by:		
2017 License Fees Collected		<u>\$ 1,083</u>
Balance, December 31, 2016		<u>\$ 1,083</u>



EXHIBIT B-5

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

Balance, January 1, 2016	\$ 187,293
Increased by:	
Employee Share From Payroll Agency	<u>10,882</u>
	198,175
Decreased by:	
Unemployment Claims	<u>1,995</u>
Balance, December 31, 2016	<u>\$ 196,180</u>

EXHIBIT B-6

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

Balance, January 1, 2016	\$ 3,202
Increased by:	
Interest on Investments and Deposits	<u>574</u>
Balance, December 31, 2016	<u>\$ 3,776</u>

EXHIBIT B-7

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

Balance, January 1, 2016	\$ 99,712
Increased by:	
Transfer to Reserve for Compensated Absences	<u>200,000</u>
	299,712
Decreased by:	
Payments from Current Fund	\$ 100,000
Interest on Investments	<u>723</u>
	<u>100,723</u>
Balance, December 31, 2016	<u>\$ 198,989</u>

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

Balance, January 1, 2016	\$ 43,314
Increased by:	
Interest on Deposits	22
Balance, December 31, 2016	\$ 43,336

**STATEMENT OF OTHER DEPOSITS  
OTHER TRUST FUND**

	Balance, January 1, 2016	Increases	Cash Disbursements	Balance, December 31, 2016
Reserve for:				
Parking Offenses Adjudication Act	\$ 22,181	\$ 2,682	\$ 4,694	\$ 20,169
Lien Redemptions	94,780	401,850	404,121	92,509
Tax Title Lien Premiums	523,577	571,200	529,500	565,277
Accumulated Absences	1,866,880	200,000	371,688	1,695,192
Equitable Sharing	229,471	-	57,298	172,173
Fire Prevention Expenditure	142,726	61,408	18,673	185,461
Police Outside Duty	161,016	773,715	702,748	231,983
Drunk Driving	197	-	-	197
Centennial	2,596	106,135	104,034	4,697
Miscellaneous	1,000	-	-	1,000
Alcohol Rehab	-	24,812	1,946	22,866
	\$ 3,044,424	\$ 2,141,802	\$ 2,194,702	\$ 2,991,524
Cash Receipts		\$ 1,941,802		
Due from Current Fund		200,000		
		\$ 2,141,802		

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

Balance, January 1, 2016	\$ 593,613
Increased by:	
Cash Receipts	<u>659,775</u>
	1,253,388
Decreased by:	
Cash Disbursements	<u>608,438</u>
Balance, December 31, 2016	<u>\$ 644,950</u>

EXHIBIT B-11

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

Balance, January 1, 2016	\$ 69
Increased by:	
Cash Receipts	<u>11,235,359</u>
	11,235,428
Decreased by:	
Cash Disbursements	<u>11,234,592</u>
Balance, December 31, 2016	<u>\$ 836</u>

EXHIBIT B-12

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

Balance, January 1, 2016	\$ 5,309
Increased by:	
Cash Receipts	<u>6,041,617</u>
	6,046,926
Decreased by:	
Cash Disbursements	<u>6,047,235</u>
Balance, (Deficit)December 31, 2016	<u>\$ (309)</u>

EXHIBIT B-13

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

Balance, January 1, 2016	\$ 172,974
Increased by:	
Cash Receipts	<u>144,226</u>
	317,200
Decreased by:	
Cash Disbursements	<u>169,531</u>
Balance, December 31, 2016	<u>\$ 147,669</u>

EXHIBIT B-14

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

Increased by:	
Receipts from Current Fund	<u>\$ 2,270</u>
Balance, December 31, 2016	<u>\$ 2,270</u>

**GENERAL CAPITAL FUND**

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

Balance, January 1, 2016		\$ 696,818
Increased by Receipts:		
Grant Proceeds	\$ 556,938	
Deferred Charges Unfunded Raised in Current Fund Budget	531,937	
Receipts from Recreation Trust	221,098	
Capital Improvement Fund	50,000	
Bond Anticipation Note Proceeds	4,285,000	
Interest on Investments	<u>176</u>	
		<u>5,645,149</u>
		6,341,967
Decreased by Disbursements:		
Improvement Authorizations	1,235,161	
Contracts Payable	1,643,126	
Payments to Current Fund	<u>105</u>	
		<u>2,878,392</u>
Balance, December 31, 2016		<u>\$ 3,463,575</u>

**BOROUGH OF ELMWOOD PARK  
ANALYSIS OF CASH**

Balance,  
December 31,  
2016

Grants Receivables	\$ (393,040)
Environmental Infrastructure Loan Receivable	(17,514)
Fund Balance	779,277
Capital Improvement Fund	298,504
Due to Current Fund	83
Contracts Payable	1,994,144
Reserve for Debt Service	757,921

Improvement Authorizations

Ord.  
No.

12-06	Various Public Improvements	42,605
13-04	Emergency Generator	293,097
13-10	Various Public Improvements	7,144
13-16	Various Public Improvements	62,480
13-21	Streetscape	(493,539)
13-27	Handicapped Ramps	66,864
14-11	Supplemental for Fleischers Brook and Underground Storage Tank Closure	(190,548)
14-12	Sanitary Sewer Pump Station	166,933
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	(67,277)
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 Chasis	5,898
15-22	Restoration of Fleischers Brook	109,181
16-03	Rehabilitation of the Hockey Rink	111,140
16-11	Resurfacing of Franklin, Gall North and Summit	(140,016)
16-12	2016 Road Resurfacing Program	133,770
16-13	Streetscape Improvement- Supplement Ord. #13-21	(107,200)
16-14	Building Improvements and Acq. Of Equipment	(287,806)
16-18	Various Improvements to Cherry Hill Park	19,627
16-19	Acq. Of Self Contained Breathing Apparatus for Fire Department	(16,681)

\$ 3,463,575

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

Balance, January 1, 2016		\$ 11,697,348
Decreased by:		
Paid by 2016 Budget Appropriation:		
Cancellation on EIT Loan	\$ 5,917	
Bonds	1,285,000	
EIT Loan	<u>199,924</u>	
		<u>1,490,841</u>
Balance, December 31, 2016		<u>\$ 10,206,507</u>

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE**

Balance, January 1, 2016		\$ 23,431
Decreased by:		
Amount Deobligated by State		<u>5,917</u>
Balance, December 31, 2016		<u>\$ 17,514</u>

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE**

Balances, January 1, 2016		\$ 63,946
Increased by:		
Grant Proceeds Received	\$ 219,433	
Cancellation of Funded Improvement Authorizations	<u>474,542</u>	
		<u>693,975</u>
Balance, December 31, 2016		<u>\$ 757,921</u>

Analysis of Balance

Ord. #2006-28		\$ 294,078
Ord. #2008-08		78,536
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>\$ 757,921</u>



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

	Department of Transportation			Community Development Block Grant		
	Ord.# 2013-5	Ord.# 2013-21	Ord.# 2014-25	Ord.# 2010-17	Ord.# 2015-17	Ord.# 2016-11
	Sub- Total					
Balance, January 1, 2016	\$ 1,368,496	\$ 11,160	\$ 584,000	\$ 149,000	\$ 44,336	\$ 150,000
Increased by:						
Awards	631,595	-	-	-	-	184,235
	<u>2,000,091</u>	<u>11,160</u>	<u>584,000</u>	<u>149,000</u>	<u>44,336</u>	<u>184,235</u>
Decreased by:						
Collections	556,938	-	165,905	-	-	-
	<u>556,938</u>	<u>-</u>	<u>165,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2016	<u>\$ 1,443,153</u>	<u>\$ 11,160</u>	<u>\$ 418,095</u>	<u>\$ 149,000</u>	<u>\$ 44,336</u>	<u>\$ 184,235</u>

Analysis of Balance at December 31, 2016

Offset by Reserve	\$ 1,050,113	\$ 11,160	\$ 418,095	\$ 149,000	\$ 44,336	\$ 150,000
Unfunded	<u>393,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,443,153</u>	<u>\$ 11,160</u>	<u>\$ 418,095</u>	<u>\$ 149,000</u>	<u>\$ 44,336</u>	<u>\$ 184,235</u>

BOROUGH OF ELMWOOD PARK  
STATEMENT OF GRANTS/OTHER RECEIVABLE

	County of Bergen				FEMA Assistance to Fire-Fighters Ord. # 2016-19
	Ord.# 2013-27	Ord.# 2014-03	Ord.# 2014-24	Ord.# 2016-03	
Balance, January 1, 2016	\$ 430,000	\$ 100,000	\$ 80,000		
Increased by:					
Awards	447,360	-	-	54,320	37,542
	<u>877,360</u>	<u>100,000</u>	<u>80,000</u>	<u>54,320</u>	<u>37,542</u>
Decreased by:					
Collections	391,033	100,000	80,000	-	-
	<u>391,033</u>	<u>100,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2016	\$ 486,327	\$ -	\$ -	54,320	37,542
	<u>\$ 486,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,320</u>	<u>\$ 37,542</u>
Analysis of Balance at December 31, 2016					
Offset by Reserve Unfunded	\$ 93,287			54,320	
	<u>393,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,542</u>
	<u>\$ 486,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,320</u>	<u>\$ 37,542</u>
					<u>\$ 355,498</u>
					<u>\$ 355,498</u>



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

Balance, January 1, 2016	\$ 304,104
Increased by:	
2016 Budget Appropriation	<u>50,000</u>
	354,104
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>55,600</u>
Balance, December 31, 2016	<u>\$ 298,504</u>

**STATEMENT OF DUE TO CURRENT FUND**

Balance, January 1, 2016	\$ 12
Increased by:	
Interest Earnings	<u>176</u>
	188
Decreased by:	
Payments to Current Fund	<u>105</u>
Balance, December 31, 2016	<u>\$ 83</u>

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

Balance, January 1, 2016		\$ 1,932,531
Increased by:		
Contract Awards		<u>1,994,144</u>
		3,926,675
Decreased by:		
Cash Disbursed	\$ 1,643,126	
Cancelled	<u>289,405</u>	
		<u>1,932,531</u>
Balance, December 31, 2016		<u>\$ 1,994,144</u>

**STATEMENT OF DUE FROM RECREATION TRUST FUND**

Increased by:		
Appropriated to Finance Ordinance #16-03 and 16-18		\$ 221,098
Decreased by:		
Cash Received		<u>221,098</u>
Balance, December 31, 2016		<u>\$ -</u>

BOROUGH OF ELMWOOD PARK  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2016		Capital Improvement Fund		Deferred Charges Unfunded		Grants	Recreation	Contracts Payable Cancelled	Cancellation	Paid or Charged	Balance, December 31, 2016	
				Funded	Unfunded	Fund	Unfunded	Funded	Unfunded							
06-28	Various Capital Improvements (Sewer Main Extension and De-icing Material Storage Building)	7/20/2006	\$ 4,163,400	\$ 299,995												
08-8	Sanitary Sewer Rehabilitation at Elmwood Terrace and other Locations	6/19/2008	190,000	78,536									\$ 299,995			
11-08	2012 Road Resurfacing Program	5/19/2011	570,000	39,099									78,536			
12-06	Various Public Improvements	4/19/2012	999,000	69,421	\$ 11,160								39,099	\$ 26,816	\$ 42,605	\$ 11,160
13-04	Emergency Generator	2/7/2013	450,000	293,097											293,097	
13-10	Various Public Improvements	4/18/2013	595,000	7,423									62,829	279	7,144	
13-11	2014 Road Resurfacing Program	4/18/2013	450,000	62,829												
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		651,270									623,714		27,556
13-27	Handicapped Access	11/7/2013	250,000												66,864	
14-11	Supplemental for Fleischers Brook and Underground Storage Tank Closure	6/5/2014	209,000		13,438									43,717		8,452
14-12	Sanitary Sewer Pump Station	6/5/2014	2,355,000		1,146,377									980,759		166,933
14-13	2104 Road Resurfacing Program	6/5/2014	599,000		234,166											345,529
14-22	Acq. Of Easement Block 1408/1 or 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		69,630									13,487		81,723
15-09	Supplemental Handicapped Access Curb Ramps	4/16/2015	96,200		33,538											
15-14	2015 Road Resurfacing Program	5/21/2015	510,000		10,238									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 Chassis	6/18/2015	220,000		8,948											5,898
15-22	Restoration of Fleischers Brook	12/3/2015	135,500	6,500	129,000									3,050		109,181
16-03	Rehabilitation of the Hockey Rink	2/18/2016	133,640								\$ 133,640			26,319		
16-11	Resurfacing of Franklin, Gall, North and Summit	5/19/2016	295,100			\$ 14,100	\$ 281,000							22,500		
16-12	2016 Road Resurfacing Program	6/16/2016	480,000			23,000	457,000							251,366		43,734
16-13	Streetscape Improvement- Supplement Ord. #13-21	8/18/2016	107,200				107,200							346,230		133,770
16-14	Building Improvements and Acq. Of Equipment	8/18/2016	357,500			17,500	340,000							107,200		
16-18	Various Improvement to Cherry Hill Park	9/15/2016	125,000							\$ 37,542	87,458			305,306		52,194
16-19	Acq. Of Self Contained Breathing Apparatus for Fire Department	10/6/2016	375,498			1,000	19,000			355,498				105,373		19,627
														373,179		2,319
				\$ 919,380	\$ 2,344,226		\$ 55,600	\$ 1,204,200		\$ 393,040	\$ 221,098	\$ 289,405	\$ 480,459	\$ 3,229,305	\$ 636,495	\$ 1,080,690

Cash Disbursed \$ 1,235,161  
Contracts Payable 1,994,144  
\$ 3,229,305

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

Purpose	Date Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, January 1, 2016	Increased	Decreased	Balance, December 31, 2016
			Date	Amount					
Taxable Pension Refunding Bonds	3/15/2003	\$ 1,465,000	3/15/2017	\$ 165,000	4.85%	\$ 495,000	\$ 150,000	\$ 345,000	
			3/15/2018	180,000					
General Improvements	6/15/2006	5,385,000	2/15/2017	785,000	4.00%	2,355,000	760,000	1,595,000	
			2/15/2018	810,000					
General Improvements	8/1/2013	6,830,000	8/1/2017-2018	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>6,095,000</u>	<u>\$ 375,000</u>	<u>5,720,000</u>	
						<u>\$ 8,945,000</u>	<u>\$ 1,285,000</u>	<u>\$ 7,660,000</u>	
							<u>\$ 1,285,000</u>	<u>\$ 1,285,000</u>	

Paid by Budget Appropriation





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

Ord. #	Improvement Description	Date of Original Issue	Amount of Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance January 1, 2016	Increased	Decreased	Balance December 31, 2016
14-12	Rehab of sanitary Sewer Pump Station	8/18/2016	\$ 2,242,000	8/18/2016	8/17/2017	0.695 %	-	\$ 2,242,000	-	\$ 2,242,000
14-13	2014 Road Resurfacing Program	8/18/2016	457,450	8/18/2016	8/17/2017	0.695 %	-	457,450	-	457,450
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	0.695 %	-	65,000	-	65,000
15-14	2015 Road Resurfacing Program	8/18/2016	485,000	8/18/2016	8/17/2017	0.695 %	-	485,000	-	485,000
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	Impart. To Boulevard Sec. 8, 9, & 10	8/18/2016	121,900	8/18/2016	8/17/2017	0.695 %	-	121,900	-	121,900
15-22	Restoration of Fleischer's Brook	8/18/2016	129,000	8/18/2016	8/17/2017	0.695 %	-	129,000	-	129,000
16-11	Resurfacing of Franklin, Gall, North and Summit	8/18/2016	97,250	8/18/2016	8/17/2017	0.695 %	-	97,250	-	97,250
16-12	2016 Road Resurfacing Program	8/18/2016	457,000	8/18/2016	8/17/2017	0.695 %	-	457,000	-	457,000
							\$ -	\$ 4,285,000	\$ -	\$ 4,285,000
							Issued for Cash	4,285,000	-	4,285,000
								\$ 4,285,000	\$ -	\$ 4,285,000

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2016</u>	<u>2016 Authorizations</u>	<u>Grant Proceeds</u>	<u>Paid by Budget Appropriation</u>	<u>Notes Issued</u>	<u>Balance, December 31, 2016</u>
10-17	Improvements to Kipp Ave Sec III	\$ 26,179			\$ 26,179		
12-06	Various Public Improvements	11,160					\$ 11,160
13-16	Various Public Improvements	780					780
13-20	Acquisition of an Easement	77,758			77,758		
13-21	Streetscape Improvements	687,000		\$ 165,905			521,095
13-27	Hanidcapped Access	238,000			238,000		
14-03	Various Public Improvements	190,000			190,000		
14-11	Supplemental for Fleischers Brook and Underground Storage Tank Closure	199,000					199,000
14-12	Sanitary Sewer Pump Station	2,242,000				\$ 2,242,000	
14-13	2104 Road Resurfacing Program	457,450				457,450	
14-22	Acq. Of Easement Block 1408/Lot 1	21,400				21,400	
14-25	Improvement boulevard Sections 8 and 9	214,000				65,000	149,000
15-09	Supplemental Hanidcapped Access Curb Ramps	91,600		91,600			
15-14	2015 Road Resurfacing Program	485,000				485,000	
15-17	Resurfacing Iozia Terrace, Franklin and Court St	142,000					142,000
15-18	Remounting of Two Ambulances onto New Chasis	209,000				209,000	
15-20	Impovement to Boulevard Sections 8,9 &10	121,900				121,900	
15-22	Restoration of Fleischers Brook	129,000				129,000	
16-11	Resurfacing of Franklin, Gall, North and Summit		\$ 281,000				183,750
16-12	2016 Road Resurfacing Program		457,000				107,200
16-13	Streetscape Improvement- Supplement Ord. #13-21		107,200				340,000
16-14	Building Improvements and Acq. Of Equipment		340,000				
16-19	Acq. Of Self Contained Breathing Apparatus for Fire Department		19,000				19,000
		<u>\$ 5,543,227</u>	<u>\$ 1,204,200</u>	<u>\$ 257,505</u>	<u>\$ 531,937</u>	<u>\$ 4,285,000</u>	<u>\$ 1,672,985</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, 2016	\$ 2,999,637	\$ 2,544,756
Increased by Receipts:		
Consumer Accounts Receivable	\$ 3,617,324	
Receipts from Current Fund	18	
Receipts from Water Utility Capital Fund	560	
Capital Improvement Fund		\$ 300,000
Interest on Investments	<u>39,158</u>	<u>538</u>
	<u>3,657,060</u>	<u>300,538</u>
	6,656,697	2,845,294
Decreased by Disbursements:		
2016 Budget Appropriations	2,464,246	16,927
Appropriation Reserves	127,500	
Accrued Interest on Bonds and Loans	45,991	
Payment to Water Utility Operating Fund	<u>-</u>	<u>560</u>
	<u>2,637,737</u>	<u>17,487</u>
Balance, December 31, 2016	<u>\$ 4,018,960</u>	<u>\$ 2,827,807</u>

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

	Balance, January 1, <u>2016</u>
Fund Balance	\$ 765,078
Capital Improvement Fund	2,018,000
Downpayments on Improvements	9,000
Due to Water Utility Operating Fund	16
Due from New Jersey Infrastructure Trust	(41,974)
Reserve for Payment of Debt	335,000
Improvement Authorizations:	
05-30 Water Main Replacement	(15,027)
05-39 Water Meters	77,513
06-07 Water Improvements	(2,030)
06-29 Water Improvements	(255,223)
11-17 Various Water Main Improvements	<u>(62,546)</u>
	<u>\$ 2,827,807</u>

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

Balance, January 1, 2016	\$ 147,305
Increased by:	
Water Rents Levied	<u>3,591,060</u>
	3,738,365
Decreased by:	
Collections	<u>3,617,324</u>
Balance, December 31, 2016	<u>\$ 121,041</u>

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

Balance, January 1, 2016	\$ 41,974
Balance, December 31, 2016	<u>\$ 41,974</u>

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

Balance, January 1, 2016	\$ 38
Increased by:	
Interest Earnings	<u>538</u>
	576
Decreased by:	
Payments to Water Utility Operating Fund	<u>560</u>
Balance, December 31, 2016	<u>\$ 16</u>

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

Balance, January 1, 2016	<u>\$ 500</u>
Balance, December 31, 2016	<u>\$ 500</u>

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

	<u>Balance, January 1, 2016</u>	<u>Additons by Ordinance</u>		<u>Balance, December 31, 2016</u>
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	4,421,600	\$ 218,731		4,640,331
Various System Improvements and Computer Mapping		755,104		755,104
Replacement of Water meters	-	789,070		789,070
	<u>\$ 6,889,503</u>	<u>\$ 1,762,905</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, 2016</u>	<u>Transfer to Reserve for Amortization</u>	<u>Authorization Cancelled To Surplus</u>	<u>Balance December 31, 2016</u>
01-14	Various Impvts. & Computer Mapping	9/13/2001	\$ 675,336	\$ 65,940	\$ 609,396	
01-21	Replacement of Water Meters	11/15/2001	634,490	623,560	10,930	
05-12	Water Improvements	5/5/2005	119,790		119,790	
05-30	Water Main Replacement	10/20/2005	2,500	2,500	-	
05-39	Water Meters	12/29/2005	140,000			\$ 140,000
06-07	Water Improvements	2/16/2006	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
			<u>\$ 1,576,116</u>	<u>\$ 692,000</u>	<u>\$ 740,116</u>	<u>\$ 144,000</u>
	Capital Improvement Fund					\$ 140,000
	Bonds Cancelled at Sale					<u>4,000</u>
						<u>\$ 144,000</u>

EXHIBIT D-13

**STATEMENT OF 2015 APPROPRIATION RESERVES  
WATER UTILITY OPERATING FUND**

	<u>Balance, January 1, 2016</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 15,257	\$ 15,257		\$ 15,257
Other Expenses	22,667	160,174	\$ 127,500	32,674
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>36,194</u>	<u>36,194</u>	<u>-</u>	<u>36,194</u>
	<u>\$ 74,118</u>	<u>\$ 211,625</u>	<u>\$ 127,500</u>	<u>\$ 84,125</u>
Appropriation Reserves		\$ 74,118		
Encumbrances Payable		<u>137,507</u>		
		<u>\$ 211,625</u>		
Cash Disbursed			<u>\$ 127,500</u>	



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

Balance, January 1, 2016	\$ 28,961
Increased by:	
2016 Budget Appropriation	43,491
	72,452
Decreased by:	
Interest Paid	45,991
Balance, December 31, 2016	\$ 26,461

Analysis of Accrued Interest, December 31, 2016

<u>Principal Outstanding December 31, 2016</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%	8/1/2016	12/31/2016	5 Months	\$ 26,461

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2016		Cancellation	Paid Charged	Balance, December 31, 2016	
				Funded	Unfunded			Funded	Unfunded
01-14	Various Impvts. & Computer Mapping	9/13/2001	\$ 1,365,000	\$ 609,396	\$ 500	\$ 609,896			
01-21	Replacement of Water Meters	11/15/2001	800,000	10,930		10,930			
05-12	Water Improvements	5/5/2005	600,000	119,790		119,790			
05-30	Water Main Replacement	10/20/2005	50,000		32,473	32,473			
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	-	294,381		\$ 16,927		277,454
				<u>\$ 817,629</u>	<u>\$ 401,324</u>	<u>\$ 773,089</u>	<u>\$ 16,927</u>	<u>\$ 77,513</u>	<u>\$ 351,424</u>
						Cash Disbursed	<u>\$ 16,927</u>		

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

Balance, January 1, 2016	\$ 1,718,000
Increased by:	
Budget Appropriation	<u>300,000</u>
Balance, December 31, 2016	<u>\$ 2,018,000</u>

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

Balance, January 1, 2016	\$ <u>9,000</u>
Balance, December 31, 2016	<u>\$ 9,000</u>

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

Balance, January 1, 2016	\$ 4,871,396
Increased by:	
Paid by Operating Budget:	
EIT Loan	\$ 242,290
Transfer from Deferred Reserve for Amortization	<u>692,000</u>
	<u>934,290</u>
Balance, December 31, 2016	<u>\$ 5,805,686</u>

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

Balance, January 1, 2016	\$ 137,507
Increased by:	
Charges to 2016 Budget	378,794
	516,301
Decreased by:	
Transfer to Appropriation Reserves	137,507
Balance, December 31, 2016	\$ 378,794

**STATEMENT OF DUE FROM CURRENT FUND  
WATER UTILITY OPERATING FUND**

Balance, January 1, 2016	\$ 18
Decreased by:	
Receipts from Current Fund	18
Balance, December 31, 2016	\$ -

**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</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2016</u>	<u>Balance, December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>			
Water System Improvements	11/9/2006	\$4,711,076	2/1-8/1/17	246,644	2.00%-2.50%		
			2/1-8/1/18	251,644			
			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			
						\$ 2,818,762	\$ 2,576,472
						\$ 2,818,762	\$ 2,576,472
						<u>Paid by Budget Appropriation</u>	<u>\$ 242,290</u>

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

Balance, January 1, 2016 \$ 335,000

Balance, December 31, 2016 \$ 335,000

Analysis of Balance

<u>Ord. # 2005-12</u>		\$	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**

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2016</u>	<u>Cancellation</u>	Balance, December 31, <u>2016</u>
01-14	Various Impvts. And Computer Mapping	\$ 500	\$ 500	
05-30	Water Main Replacement	47,500	32,473	\$ 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>-</u>	<u>340,000</u>
		<u>\$ 719,223</u>	<u>\$ 32,973</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, 2016	Costs to Fixed Capital	Authorizations Cancelled	Balance, December 31, 2016
		Date	Amount				
01-14	Various Impvts. & Computer Mapping	9/13/2001	\$ 1,365,000	\$ 1,365,000	\$ 755,104	\$ 609,896	
01-21	Replacement of Water Meters	11/15/2001	800,000	800,000	789,070	10,930	
05-12	Water Improvements	5/5/2005	600,000	320,994	201,204	119,790	
05-30	Water Main Replacement	10/20/2005	50,000	50,000	17,527	32,473	
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
				<u>\$ 3,095,994</u>	<u>\$ 1,762,905</u>	<u>\$ 773,089</u>	<u>\$ 560,000</u>

**BOROUGH OF ELMWOOD PARK**  
**PART II**  
**GOVERNMENTAL AUDITING STANDARDS**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2016, and the related notes to the financial statements, and have issued our report thereon dated August 1, 2017. 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.

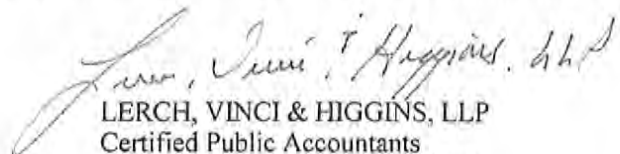
### **Compliance and Other Matters**

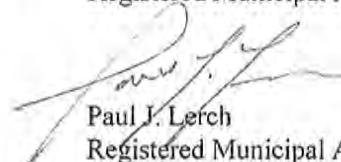
As part of obtaining reasonable assurance about whether the Borough of Elmwood Park's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 1, 2017

**BOROUGH OF ELMWOOD PARK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal CFDA Number	Grant Year	Grant Award	2016 Receipts	Balance, January 1, 2016	Revenues Realized	Expended	Adjustment	Balance December 31, 2016	Cumulative Expenditures
<i>Department of Housing and Urban Development</i>									
<i>Pass Through the County of Bergen- Community</i>									
<i>Development Block Grants</i>									
14-18	2015	\$ 150,000		\$ 150,000		\$ 116,366		\$ 33,634	\$ 116,366
	2016	184,235			184,235	184,235			184,235
					<u>335,498</u>	<u>335,498</u>			<u>335,498</u>
<i>Department of Homeland Security</i>									
97-044	2016	335,498			335,498				
					<u>519,733</u>	<u>636,099</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, 2016**

State Grant Program	Grant Number	Grant Year	Grant Award Received	Grant Receipts	Balance, January 1, 2016	Revenue/Receipts	Expended	Adjustment	Balance, December 31, 2016	Cumulative Expenditures
<u>State Aid Highway Projects</u>										
Highway Planning and Construction- Ord.# 2013-21	20-205	2013	\$ 584,000	\$ 165,905	\$ 532,380	\$ 532,380			\$ 532,380	\$ 584,000
<u>Division of Judiciary- Municipal Court Alcohol Education and Rehabilitation</u>	9735-760-001-060000	2009 2014 2016		30,929 8,016 3,203	30,929 8,016	\$ 12,278	1,946	\$ 21,609 A	\$ 30,929 8,016 31,941	1,464 797 1,946
<u>Municipal Alliance for Alcohol &amp; Drug Abuse (Passed through Bergen County)</u>	N/A	2013			1,201				1,201	10,476
<u>Department of Environmental Protection Solid Waste Administration Clean Communities</u>	4900-765-004-178910	2015 2016	28,014 34,034	38,908	11,902	34,034	11,632 22,406	(270) B	11,632	27,744 22,406
<u>Recycling Tonnage Grant</u>	4900-752-001-178810	2015 2016	39,411 22,660	22,660	35,321	22,660	35,321 8,460		14,209	39,411 8,460
<u>Hazardous Discharge Site Remediation Municipal Grant Program</u>	N/A	2016	47,921	47,921		47,921	44,849		3,072	44,849
<u>Division of Criminal Justice Body Armor Replacement Fund</u>	1020-718-001-090160	2015 2016	1,006 3,970	981	1,006	3,970			1,006 3,970	
<u>Division of Criminal Justice Safe and Secure Grant</u>	1020-100-232-090940	2016	60,000	60,000		60,000	60,000			60,000
<b>Grand Total</b>					\$ 620,755	\$ 180,863	\$ 716,994	\$ 21,339	\$ 105,963	

Note: This Schedule is not subject to a Single Audit in accordance with NJ OMB Circular 15-08. Adjustments- (A) Restoration of funds and (B) 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, 2016**

**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>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund		\$ 180,863	\$ 180,863
General Capital Fund	<u>\$ 519,733</u>	<u>-</u>	<u>519,733</u>
	<u>\$ 519,733</u>	<u>\$ 180,863</u>	<u>\$ 700,596</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, 2016**

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The Borough's federal and state loans outstanding at December 31, 2016, 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	\$ 2,546,507
Environmental Infrastructure Trust Series 2006A		<u>2,576,472</u>
		<u>\$ 5,122,979</u>

**NOTE 6 DE MINIMIS INDIRECT COST RATE**

The Borough has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**BOROUGH OF ELMWOOD PARK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*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  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*Part II- Schedule of financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the in accordance with *Government Auditing Standards*.

There were none.

**BOROUGH OF ELMWOOD PARK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*Part III – Schedule of Federal and State Award Findings and Responses*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable.

**CURRENT YEAR STATE AWARDS**

Not Applicable.

**BOROUGH OF ELMWOOD PARK  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

This section identifies the status of prior-year findings related to the financial statements that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.

**BOROUGH OF ELMWOOD PARK  
BERGEN COUNTY, NEW JERSEY**

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**BOROUGH OF ELMWOOD PARK  
SUPPLEMENTARY DATA**

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

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 3,575,000	5.35 %	\$ 2,698,756	3.98 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,814,872	5.71	6,510,925	9.60
Collection of Delinquent Taxes and Tax Title Liens	671,939	1.01	579,022	0.85
Collection of Current Tax Levy	57,768,111	86.44	56,107,226	82.76
Other Credits	<u>1,000,233</u>	<u>1.50</u>	<u>1,902,828</u>	<u>2.81</u>
Total Income	<u>66,830,155</u>	<u>100.00 %</u>	<u>67,798,757</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	23,513,026	37.07 %	25,168,088	39.22
County Taxes	5,138,444	8.10	5,011,586	7.81
Local District School Taxes	34,724,466	54.75	33,982,409	52.95
Other Expenditures	<u>47,143</u>	<u>0.07</u>	<u>14,262</u>	<u>0.02</u>
Total Expenditures	<u>63,423,079</u>	<u>100.00 %</u>	<u>64,176,345</u>	<u>100.00 %</u>
Excess in Revenue	3,407,076		3,622,412	
Fund Balance, January 1	<u>5,757,609</u>		<u>4,833,953</u>	
	9,164,685		8,456,365	
Less Utilization as Anticipated Revenue	<u>3,575,000</u>		<u>2,698,756</u>	
Fund Balance, December 31	<u>\$ 5,589,685</u>		<u>\$ 5,757,609</u>	

**BOROUGH OF ELMWOOD PARK  
SUPPLEMENTARY DATA**

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

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Collection of Water Rents	\$ 3,617,324	96.69 %	\$ 3,466,095	93.53
Miscellaneous - From Other Than Water	<u>123,821</u>	<u>3.31</u>	<u>239,669</u>	<u>6.47</u>
Total Income	<u>3,741,145</u>	<u>100.00 %</u>	<u>3,705,764</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Operating	2,372,000	78.80 %	2,198,719	73.22 %
Capital Improvement Fund	300,000	9.97	300,000	10.00
Deferred Charges and Statutory Expenditures	50,000	1.66	50,000	1.67
Debt Service	<u>288,280</u>	<u>9.58</u>	<u>454,218</u>	<u>15.11</u>
Total Expenditures	<u>3,010,280</u>	<u>100.00 %</u>	<u>3,002,937</u>	<u>100.00 %</u>
Excess in Revenue	730,865		702,827	
Fund Balance, January 1	<u>2,759,107</u>		<u>2,056,280</u>	
Fund Balance, December 31	<u>\$ 3,489,972</u>		<u>\$ 2,759,107</u>	

**BOROUGH OF ELMWOOD PARK  
SUPPLEMENTARY DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$2.829</u>	<u>\$2.783</u>	<u>\$2.699</u>
<u>Apportionment of Tax Rate</u>			
Municipal *	.895	.881	.880
County	.250	.245	.234
Local School	1.684	1.657	1.585

\* Includes Municipal Library

Assessed Valuation

2016	<u>\$2,062,368,699</u>
2015	<u>\$2,051,093,899</u>
2014	<u>\$2,051,617,500</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>
2016	\$ 58,457,458	\$ 57,768,111	98.82%
2015	57,173,387	56,407,226	98.66%
2014	55,496,255	54,751,290	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>
2016	\$ 576,815	\$ 537,957	\$ 1,114,772	1.91%
2015	574,563	619,072	1,193,635	2.09%
2014	572,348	646,681	1,219,029	2.20%

**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>
2016	\$23,450
2015	23,450
2014	23,450

**Comparison of Water Utility Levies**

<u>Year</u>	<u>Water Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 3,591,060	\$ 3,470,019	96.63%
2015	2,856,763	2,709,458	94.84%
2014	3,235,260	2,478,623	76.61%

**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>	2016	\$5,589,685	\$3,575,000
	2015	5,757,609	3,575,000
	2014	4,833,953	2,698,756
<u>Water Utility Operating Fund</u>	2016	\$3,489,972	
	2015	2,759,107	
	2014	2,056,280	



**BOROUGH OF ELMWOOD PARK  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

<u>Name</u>	<u>Title</u>
Richard A. Mola	Mayor (1/1/16-10/20/16)
Robert Colletti	Councilman (1/1/16-11/9/16) then Mayor 11/10/16-12/31/16
Joseph Dombrowski	Councilman
Steven Martino	Councilman (1/1/16-9/1/16)
Magdalena Giandomenico	Councilwoman
Louis Vuoncino	Councilman
Anthony Chirido	Councilman
Frank Caramagna	Councilman (9/15/16-12/31/16)
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**

#### **Prior Year Comments Unresolved**

Our audit of the salaries revealed that one individual's salary was calculated incorrectly resulting in an under-payment. This was reviewed with the Borough and they have since corrected the salary as of January 1, 2017 and will make restitution to the employee for the under payment. Additional salaries were tested without exception. It is recommended that the Borough perform an internal review of the payroll salaries to ensure calculations are correct. The Borough has begun to implement corrective action by performing a review of salaries for selected collective bargaining unit groups.

#### **Current Year Comments**

Our audit of the Chapter 78 health care contributions revealed that one individual who chose an alternate health care plan had their contributions calculated on the incorrect premium and this individual over contributed on their health care contributions. It is recommended that the Borough review all the Chapter 78 health care contributions to ensure accuracy. The Borough has begun to implement corrective action by performing a review of the Chapter 78 health care contributions.

Our audit of terminated employees revealed that one individual terminated with the Borough in June of 2016 and wasn't removed from the health and dental benefits until June 2017. It is recommended that the health and dental benefit bills be reviewed to ensure only active Borough employees are receiving health and dental benefits.

#### **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.

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

Market Street Streetscape PH. II  
Organic Waste Disposal  
Pump Station 6 Improvements  
2016 Road Resurfacing Program  
Resurfacing Summit, North, Franklin and Gall

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.

## BOROUGH OF ELMWOOD PARK

### GENERAL COMMENTS

#### 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, 2016 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 29, 2016 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>
2016	6
2015	6
2014	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.

#### 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:

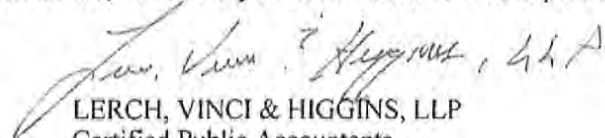
- \* 1. The Borough perform an internal review of the payroll salaries to ensure calculations are correct. The Borough has begun to implement corrective action by performing a review of salaries for selected collective bargaining unit groups.
- 2. The Borough review all the Chapter 78 health care contributions to ensure accuracy. The Borough has begun to implement corrective action by performing a review of the Chapter 78 health care contributions.
- 3. The health and dental benefit bills be reviewed to ensure only active Borough employees are receiving health and dental benefits.

**Status of Prior Year's Audit Findings/Recommendations**

A review was performed on all prior year recommendations and corrective action was taken except for the recommendation noted above with the asterisk.

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