

BOROUGH OF ELMWOOD PARK

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2015

**BOROUGH OF ELMWOOD PARK
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
Independent Auditor’s Report		1-3
Financial Statements		
A	Comparative Balance Sheets - Regulatory Basis - Current Fund	4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5
A-2	Statement of Revenues - Regulatory Basis – Current Fund	6-8
A-3	Statement of Expenditures - Regulatory Basis – Current Fund	9-14
B	Comparative Balance Sheets - Regulatory Basis - Trust Funds	15-16
C	Comparative Balance Sheets - Regulatory Basis - General Capital Fund	17
C-1	Comparative Statements of Changes in Fund Balance - Regulatory Basis – General Capital Fund	18
D	Comparative Balance Sheets – Regulatory Basis – Water Utility Operating Fund	19-20
D-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Water Utility Operating Fund	21
D-2	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Water Utility Capital Fund	22
D-3	Statement of Revenues – Regulatory Basis – Water Utility Operating Fund	22
D-4	Statement of Expenditures – Regulatory Basis – Water Utility Operating Fund	23
E	Comparative Balance Sheets – General Fixed Assets Account Group - Regulatory Basis	24
	Notes to Financial Statements	25-63
Supplementary Schedules		
<u>Current Fund</u>		
A-4	Statement of Cash – Collector/Treasurer	64
A-5	Statement of Change Funds	65
A-6	Statement of Amount Due to State of New Jersey Senior Citizens' and Veterans' Deductions	65
A-7	Statement of Grants Receivable	66
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	67
A-9	Statement of Tax Title Liens	68
A-10	Statement of Property Acquired for Taxes – Assessed Valuation	68
A-11	Statement of Revenue Accounts Receivable	69
A-12	Statement of 2014 Appropriation Reserves	70-71
A-13	Statement of Encumbrances Payable	72
A-14	Statement of Prepaid Taxes	72
A-15	Statement of Tax Overpayments	72
A-16	Statement of Local District School Taxes Payable	72
A-17	Statement of County Taxes Payable	73
A-18	Statement of Due County for Added and Omitted Taxes	73
A-19	Statement of Various Reserves	73
A-20	Statement of Unappropriated Reserves – Public and Private Programs	74
A-21	Statement of Appropriated Reserves	75
A-22	Statement of Plan Assets Due to LOSAP	75

**BOROUGH OF ELMWOOD PARK
TABLE OF CONTENTS**

Exhibits

Page

Supplementary Schedules (Continued)

Trust Funds

B-1	Statement of Cash – Collector/Treasurer	76
B-2	Statement of Reserve for Animal License Expenditures – Animal Control Trust Fund	77
B-3	Statement of Amount Due from State of New Jersey - Animal Control Trust Fund	77
B-4	Statement of Reserve for Unemployment Compensation Insurance – Unemployment Trust Fund	78
B-5	Statement of Due to Current Fund – Other Trust Fund – Developers Escrow	78
B-6	Statement of Due to Current Fund – Other Trust Fund – Payroll	78
B-7	Statement of Multiple Dwelling Emergency Deposits – Other Trust Fund	79
B-8	Statement of Other Deposits – Other Trust Fund	79
B-9	Statement of Reserve for Recreation Expenditures – Other Trust Fund	80
B-10	Statement of Payroll Deductions Payable – Other Trust Fund	80
B-11	Statement of Net Payroll – Salary and Wages Payable – Other Trust Fund	80
B-12	Statement of Developer’s Escrow Deposits – Other Trust Fund	81
B-13	Statement of Due To Current Fund – Other Trust Fund	81
B-14	Statement of Due from Water Utility Operating Fund – Reserve for Accumulated Absences – Other Trust Fund	82
B-15	Statement of Due to Current Fund – Animal Control Fund	82
B-16	Statement of Due to Current Fund –Tax Title Lien Redemption – Other Trust Fund	82

General Capital Fund

C-2	Statement of Cash – Collector/Treasurer	83
C-3	Analysis of Cash	84
C-4	Statement of Deferred Charges to Future Taxation - Funded	85
C-5	Statement of Environmental Infrastructure Loan Receivable	85
C-6	Statement of Reserve for Payment of Debt Service	85
C-7	Statement of Due to Ambulance Corp.	85
C-8	Statement of Grants/Other Receivable	86
C-9	Statement of Deferred Charges to Future Taxation – Unfunded	87
C-10	Statement of Capital Improvement Fund	88
C-11	Statement of Due to Current Fund	88
C-12	Statement of Contracts Payable	88
C-13	Statement of Improvement Authorizations	89
C-14	Statement of General Serial Bonds	90
C-15	Statement of EIT Loan Payable	91
C-16	Statement of Bonds and Notes Authorized But Not Issued	92

**BOROUGH OF ELMWOOD PARK
TABLE OF CONTENTS**

Exhibits

Page

Supplementary Schedules (Continued)

Water Utility Fund

D-5	Statement of Cash – Collector/Treasurer – Water Utility Cash	93
D-6	Analysis of Cash – Water Utility Capital Fund	94
D-7	Statement of Consumer Accounts Receivable – Water Utility Operating Fund	94
D-8	Statement of Loans Receivable – New Jersey Infrastructure Trust – Water Utility Capital Fund	95
D-9	Statement of Due to Water Utility Operating Fund – Water Utility Capital Fund	95
D-10	Statement of Inventory – Water Utility Operating Fund	96
D-11	Statement of Fixed Capital – Water Utility Capital Fund	96
D-12	Statement of Deferred Reserve for Amortization – Water Utility Capital Fund	97
D-13	Statement of 2014 Appropriation Reserves – Water Utility Operating Fund	97
D-14	Statement of Accrued Interest on Bonds and Loans – Water Utility Operating Fund	98
D-15	Statement of Improvement Authorizations – Water Utility Capital Fund	99
D-16	Statement of Capital Improvement Fund – Water Utility Capital Fund	100
D-17	Statement of Downpayments on Improvements – Water Utility Capital Fund	100
D-18	Statement of Reserve for Amortization – Water Utility Capital Fund	100
D-19	Statement of Encumbrances Payable – Water Utility Operating Fund	101
D-20	Statement of Due to Current Fund – Water Utility Capital Fund	101
D-21	Statement of Water Serial Bonds – Water Utility Capital Fund	102
D-22	Statement of Environmental Infrastructure Trust Funds Loans Payable – Water Utility Capital Fund	103
D-23	Statement of Reserve for Payment of Debt	104
D-24	Statement of Bonds and Notes Authorized But Not Issued- Water Utility Capital Fund	104
D-25	Statement of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	105

Part II – Government Auditing Standards

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	106-107
Schedule of Expenditures of Federal Awards, Schedule A	108
Schedule of Expenditures of State Financial Assistance, Schedule B	109

**BOROUGH OF ELMWOOD PARK
TABLE OF CONTENTS**

Exhibits

Page

Part II – Government Auditing Standards (Continued)

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	110-111
Schedule of Findings and Responses	112-114
Schedule of Prior Year Audit Findings	115

Part III

Comparative Statement of Operations and Change in Fund Balance - Current Fund	116
Comparative Statement of Operations and Change in Fund Balance – Water Utility Operating Fund	117
Comparative Schedule of Tax Rate Information	118
Comparison of Levies and Collection Currently	118
Delinquent Taxes and Tax Title Liens	118
Property Acquired by Tax Title Lien Liquidation	119
Comparison of Water Utility Levies	119
Comparative Schedule of Fund Balances	119
Officials in Office and Surety Bonds	120
General Comments	121-122
Recommendations	123

BOROUGH OF ELMWOOD PARK

BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2015



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, 2015 and 2014, 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, 2015, 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 principles 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. 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 of 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 principles 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, 2015 and 2014, 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 11 percent and 11 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

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, 2015 and 2014, 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, 2015 in accordance with the financial accounting and reporting principles 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

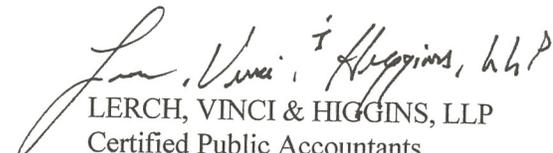
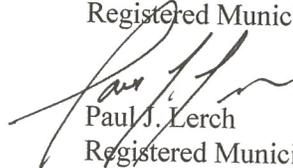
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Elmwood Park as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and the 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 May 31, 2016 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
May 31, 2016

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	A-4	\$ 10,088,658	\$ 9,769,671
Cash - Change Funds	A-5	850	850
Grants Receivable	A-7	<u>21,105</u>	<u>21,105</u>
		<u>10,110,613</u>	<u>9,791,626</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	619,072	646,681
Tax Title Liens Receivable	A-9	574,563	572,348
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-11	12	3
Due From Water Utility Operating Fund	D-20	-	580
Due From Animal Control Fund	B-15	-	8,060
Due From Other Trust Fund - TTL	B-16	-	92,522
Due From Other Trust Fund- Escrow	B-5	3,202	2,758
Due From Other Trust Fund- Payroll	B-6	<u>288</u>	<u>1,532</u>
		<u>1,274,469</u>	<u>1,401,816</u>
Total Assets		<u>\$ 11,385,082</u>	<u>\$ 11,193,442</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 1,280,160	\$ 2,112,723
Encumbrances Payable	A-13	580,269	690,922
Due to LOSAP- Plan Assets	A-22	176,138	
Due to State of New Jersey- Senior Citizens' and Veterans' Deductions	A-6	62,836	53,172
Due to Other Trust Fund - Reserve for Accumulated Absences	B-13	100,000	150,000
Due to Water Utility Operating Fund	D-20	18	
Prepaid Taxes	A-14	279,509	179,027
Tax Overpayments	A-15	-	83,646
Due County for Added Taxes	A-18	-	14,038
Miscellaneous Reserves	A-19	1,723,646	1,565,903
Appropriated Grant Reserves	A-21	40,146	32,130
Unappropriated Grant Reserves	A-20	<u>110,282</u>	<u>76,112</u>
		4,353,004	4,957,673
Reserve for Receivables	A	1,274,469	1,401,816
Fund Balance	A-1	<u>5,757,609</u>	<u>4,833,953</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,385,082</u>	<u>\$ 11,193,442</u>

See 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, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 2,698,756	\$ 2,145,000
Miscellaneous Revenue Anticipated	A-2	5,925,625	5,543,180
Receipts from Delinquent Taxes	A-2	579,022	553,008
Receipts from Current Taxes	A-2	56,107,226	54,451,290
Non-Budget Revenues	A-2	585,300	500,717
Other Credits to Income:			
Statutory Excess in Animal Control Fund	A-1		8,060
Interfunds Returned	A	101,953	
Unexpended Balance of Appropriation Reserves	A-12	<u>1,800,875</u>	<u>1,677,211</u>
 Total Income		 <u>67,798,757</u>	 <u>64,878,466</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	8,276,831	8,222,170
Other Expenses	A-3	12,879,633	12,343,895
Capital Improvements	A-3	100,000	100,000
Municipal Debt Service	A-3	1,822,256	1,821,751
Deferred Charges and Statutory Expenditures	A-3	2,089,368	1,766,877
County Taxes	A-17	5,011,586	4,773,878
Amount Due County for Added and Omitted Taxes	A-18	8,723	14,038
Local District School Tax	A-16	33,982,409	32,521,408
Prior Year Senior and Veteran's Deductions Disallowed	A-6	5,539	5,643
Prior Year Interfunds Advanced	A	<u>-</u>	<u>84,608</u>
 Total Expenditures		 <u>64,176,345</u>	 <u>61,654,268</u>
 Excess in Revenue		 3,622,412	 3,224,198
 Fund Balance, January 1	A	 <u>4,833,953</u>	 <u>3,754,755</u>
		8,456,365	6,978,953
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>2,698,756</u>	<u>2,145,000</u>
 Fund Balance, December 31	A	 <u>\$ 5,757,609</u>	 <u>\$ 4,833,953</u>

See 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, 2015

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Special Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 2,698,756	-	\$ 2,698,756	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	22,000		24,330	\$ 2,330
Other	A-11	10,000		13,978	3,978
Fees and Permits	A-11	90,000		49,532	(40,468)
Fines and Costs					
Municipal Court	A-11	660,000		663,188	3,188
Interest and Costs on Taxes	A-11	90,000		163,566	73,566
Interest on Investments and Deposits	A-2	30,000		68,977	38,977
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		381,836	41,836
Uniform Fire Safety Act	A-11	44,863		42,398	(2,465)
Trunk Sewer Revenue	A-11	2,927,624		2,927,485	(139)
Safe and Secure Communities Program	A-7	60,000		60,000	-
Body Armor Fund- Reserve	A-20	1,006		1,006	-
Recycling Tonnage Grant- Reserve	A-20	39,411		39,411	-
Clean Communities Program - Reserve	A-20	28,014	-	28,014	-
Total Miscellaneous Revenues	A-1	5,804,822	-	5,925,625	\$ 120,803
Receipts from Delinquent Taxes	A-2,A-8	590,000	-	579,022	(10,978)
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	17,381,360		18,410,433	1,029,073
Minimum Library Tax	A-2	694,075	-	694,075	-
Total Amount to Be Raised by Taxation	A	18,075,435	-	19,104,508	1,029,073
Budget Totals	A-3	\$ 27,169,013	\$ -	\$ 28,307,911	\$ 1,138,898
Non-Budget Revenues	A-2,A-1			585,300	
				\$ 28,893,211	

BOROUGH OF ELMWOOD PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 56,407,226
Less: Transfer to Reserve for Tax Appeals	A-19	<u>300,000</u>
	A-1	\$ 56,107,226
Less: Allocated to School and County Taxes	A-18,A-17,A-16	<u>39,002,718</u>
		17,104,508
Add: Reserve for Uncollected Taxes	A-3	<u>2,000,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 19,104,508</u>
Interest on Investments and Deposits		
Cash Receipts	A-11	\$ 68,247
Due from General Capital Fund	C-11	44
Due from Other Trust Fund- Escrow	B-5	444
Due from Other Trust Fund- General	B-6	<u>242</u>
	A-2	<u>\$ 68,977</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

Reference

ANALYSIS OF NON-BUDGET REVENUES

Verizon Franchise Fees	\$ 87,344
Cable Franchise Fees	167,282
Hotel Franchise Tax	77,616
Prior Year Outside Duty Fees	217,686
Division of Motor Vehicles	6,215
Bus Shelter	13,500
Other	<u>15,657</u>
	A-2, A-4
	<u>\$ 585,300</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

GENERAL APPROPRIATIONS OPERATIONS - WITHIN "CAPS"	Appropriated		Expended		Unexpended Balances Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 250,000	\$ 250,000	\$ 193,281	\$ 56,719	
Other Expenses	110,000	110,000	91,803	18,197	
Mayor and Council					
Salaries and Wages	36,000	36,000	33,961	2,039	
Financial Administration					
Salaries and Wages	195,000	212,000	200,687	11,313	
Other Expenses	60,000	85,000	61,555	23,445	
Other Expenses - ADP Payroll Service	40,315	40,315	35,837	4,478	
Audit Services					
Other Expenses	50,960	62,960	12,825	50,135	
Revenue Administration (Tax Collection)					
Salaries and Wages	200,000	200,000	183,504	16,496	
Other Expenses	35,000	35,000	18,022	16,978	
Postage	35,000	43,500	32,557	10,943	
Tax Assessment Administration					
Salaries and Wages	80,000	80,000	67,512	12,488	
Other Expenses	30,000	30,000	19,316	10,684	
Legal Services and Costs					
Salaries and Wages	67,626	69,126	62,333	6,793	
Other Expenses	20,000	20,000	3,297	16,703	
Engineering Services and Costs					
Other Expenses	45,000	45,000	30,379	14,621	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	9,000	9,000	8,572	428	
Other Expenses	8,000	8,000	7,837	163	
Master Plan	10,000	10,000	-	10,000	
Zoning Board of Adjustment					
Salaries and Wages	9,000	9,000	6,783	2,217	
Other Expenses	5,000	5,000	4,019	981	
Council on Affordable Housing					
Other Expenses	20,000	20,000	17,500	2,500	
Municipal Court					
Salaries and Wages	225,000	225,000	185,157	39,843	
Other Expenses	25,000	25,000	15,738	9,262	
Public Defender					
Salaries and Wages	16,646	16,646	10,587	6,059	
INSURANCE					
General Liability	412,200	496,639	430,254	66,385	
Workers Compensation	373,900	341,900	341,900	-	
Group Insurance Plan for Employees	2,671,546	2,509,218	2,478,434	30,784	
Health Benefit Waiver	10,000	10,000	-	10,000	

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

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>	
PUBLIC SAFETY FUNCTIONS					
Department of Police					
Salaries and Wages-Regular	\$ 4,810,000	\$ 4,810,000	\$ 4,673,235	\$ 136,765	
Salaries and Wages-Crossing Guards	83,000	85,696	85,696	-	
Salaries and Wages-Other Police Pers.	74,500	74,693	74,693	-	
Other Expenses - Regular	299,000	299,000	249,210	49,790	
Other Expenses - Clothing Allowance	38,000	53,000	50,208	2,792	
Purchase of Police Vehicles	30,000	30,000	30,000	-	
Police Dispatch/911					
Salaries and Wages	165,000	165,000	151,893	13,107	
Office of Emergency Management					
Other Expenses	10,500	10,500	4,791	5,709	
Aid to Volunteer Ambulance Companies					
First Aid Organization-Contribution	50,000	50,000	50,000	-	
Ambulance Stipend	10,000	10,000	8,180	1,820	
Fire Department					
Salaries and Wages-Exempt Firemen	-	-	-	-	
Other Expenses-Miscellaneous	125,000	125,000	124,172	828	
Other Expenses-Clothing Allowance	64,525	64,525	48,484	16,041	
Other Expenses-Rental of Firehouse	55,000	55,000	55,000	-	
Uniform Fire Safety (Ch. 383, P.L. 1983)					
Salaries and Wages - Fire Official	73,000	82,500	75,838	6,662	
Other Expenses	7,803	7,803	-	7,803	
Municipal Prosecutor					
Prosecutor - Contractual	24,970	24,970	19,724	5,246	
PUBLIC WORKS FUNCTION					
Streets and Roads Maintenance					
Salaries and Wages	1,200,000	1,215,000	1,156,431	58,569	
Other Expenses	390,000	445,000	440,972	4,028	
Other Public Works Functions					
Other Expenses - Traffic Lights	65,000	65,000	23,431	41,569	
Shade Tree					
Other Expenses	6,000	6,000	-	6,000	
Solid Waste Collection					
Salaries and Wages	70,600	80,600	79,787	813	
Contract - Collections -Recycling	275,000	225,000	223,211	1,789	
Contract - Collections - Solid Waste/Tipping Fees	945,000	1,040,000	1,040,000	-	
Vehicle Maintenance					
Other Expense	78,000	78,000	47,328	30,672	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Board of Health					
Salaries and Wages	11,000	41,000	37,048	3,952	
Other Expenses	56,000	56,000	53,216	2,784	

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances <u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS (Cont'd.)					
OPERATIONS WITHIN "CAPS" (Cont'd.)					
HEALTH AND HUMAN SERVICES					
FUNCTIONS (Continued)					
Animal Control Services					
Other Expenses	\$ 30,000	\$ 30,000	\$ 12,321	\$ 17,679	
Veterans Services Bureau					
Other Expenses	4,200	4,200	-	4,200	
PARKS AND RECREATION FUNCTIONS					
Recreation Commission RS 40:12-1					
Salaries and Wages	354,000	364,000	361,921	2,079	
Other Expenses	125,000	125,000	123,747	1,253	
Senior Citizen Committee					
Other Expenses	28,000	28,000	20,468	7,532	
Maintenance of Parks					
Other Expenses	30,500	30,500	24,989	5,511	
OTHER COMMON OPERATING					
FUNCTIONS					
Celebration of Public Events	20,000	20,000	17,590	2,410	
Other Expenses					
CODE ENFORCEMENT AND					
ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries and Wages	225,000	225,000	209,286	15,714	
Other Expenses	73,000	92,000	79,663	12,337	
Rent Leveling					
Salaries and Wages	1,600	1,600	1,600	-	
Other Expenses	350	350	-	350	
UTILITY EXPENSES AND BULK					
PURCHASES					
Electricity and Gas	385,000	278,500	265,972	12,528	
Street Lighting	375,000	375,000	235,963	139,037	
Telephone/Communications	65,000	65,000	63,613	1,387	
Gasoline	250,000	180,390	162,708	17,682	-
Total Operations Within "CAPS"	16,033,741	16,023,131	14,936,039	1,087,092	-
Contingent	10,000	10,000	4,500	5,500	-
Total Operations including Contingent-Within "CAPS"	16,043,741	16,033,131	14,940,539	1,092,592	-
Detail:					
Salaries and Wages	8,190,942	8,276,831	7,879,529	397,302	-
Other Expenses	7,852,799	7,756,300	7,061,010	695,290	-

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances <u>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.)	\$ 401,700	\$ 401,700	\$ 329,213	\$ 72,487	-
Police and Firemen's Retirement System	1,037,220	1,037,220	1,037,220	-	-
Public Employees Retirement System	<u>367,754</u>	<u>367,764</u>	<u>367,761</u>	<u>3</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,806,674</u>	<u>1,806,684</u>	<u>1,734,194</u>	<u>72,490</u>	<u>-</u>
Total General Appropriation for Municipal Purposes within "CAPS"	<u>17,850,415</u>	<u>17,839,815</u>	<u>16,674,733</u>	<u>1,165,082</u>	<u>-</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Sewerage Processing and Disposal Passaic Valley Sewer Commission					
Operating and Maintenance Costs	3,327,828	3,327,828	3,327,828	-	-
Debt Service	777,560	777,560	777,560	-	-
Landfill/Solid Waste Disposal Costs Recycling Tax	20,000	30,000	23,151	6,849	-
EDUCATION FUNCTIONS					
Maintenance of Free Public Library Other Expenses	694,075	694,075	694,075	-	-
PUBLIC SAFETY FUNCTIONS					
LOSAP	60,000	60,000	-	60,000	-
INSURANCE					
Group Insurance Plan for Employees	<u>84,439</u>	<u>84,439</u>	<u>84,439</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>4,963,902</u>	<u>4,973,902</u>	<u>4,907,053</u>	<u>66,849</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	39,411	39,411	4,090	35,321	-
Clean Communities Grant - Reserve	28,014	28,014	16,112	11,902	-
Body Armor Replacement	<u>1,006</u>	<u>1,006</u>	<u>-</u>	<u>1,006</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>149,431</u>	<u>149,431</u>	<u>101,202</u>	<u>48,229</u>	<u>-</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances <u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS (Cont'd.)					
OPERATIONS EXCLUDED FROM "CAPS" (Cont'd.)					
 Total Operations Excluded from "CAPS"	\$ 5,113,333	\$ 5,123,333	\$ 5,008,255	\$ 115,078	-
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	5,113,333	5,123,333	5,008,255	115,078	-
 CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	100,000	100,000	100,000	-	-
 Total Capital Improvement Fund - Excluded from "CAPS"	100,000	100,000	100,000	-	-
 MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,256,000	1,256,000	1,256,000	-	-
Interest on Bonds	293,041	293,641	293,040	-	\$ 601
Loan Repayments for Principal and Interest - EIT Loan	273,540	273,540	273,216	-	324
 Total Municipal Debt Service - Excluded from "CAPS"	1,822,581	1,823,181	1,822,256	-	925
 DEFERRED CHARGES EXCLUDED FROM "CAPS"					
General Capital Unfunded Grant - County of Bergen	282,684	282,684	282,684	-	-
 Total Deferred Charges - Excluded from "CAPS"	282,684	282,684	282,684	-	-
 Total General Appropriations for Municipal Purposes Excluded from "CAPS"	7,318,598	7,329,198	7,213,195	115,078	925
 Subtotal General Appropriations	25,169,013	25,169,013	23,887,928	1,280,160	925
 Reserve for Uncollected Taxes	2,000,000	2,000,000	2,000,000	-	-
 Total General Appropriations	\$ 27,169,013	\$ 27,169,013	\$ 25,887,928	\$ 1,280,160	\$ 925
	Reference	A-2		A	

BOROUGH OF ELMWOOD PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Reference</u>	Budget After <u>Modification</u>	<u>Expended</u> Paid or <u>Charged</u>
Budget as Adopted	A-3	<u>\$ 27,169,013</u>	
Cash Disbursements	A-4		\$ 23,307,659
Reserve for Uncollected Taxes	A-2		2,000,000
Encumbrances Payable	A-13		<u>580,269</u>
			<u>\$ 25,887,928</u>

See 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, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-1	\$ 10,751	\$ 25,287
Due from State of New Jersey	B-3	<u>157</u>	<u>285</u>
		<u>10,908</u>	<u>25,572</u>
OTHER TRUST FUND			
Cash	B-1	3,763,193	3,638,191
Due From Current Fund - Reserve for Accumulated Absences	B-13	100,000	150,000
Due From Water Utility Operating Fund - Reserve for Accumulated Absence	B-14	<u>-</u>	<u>100,000</u>
		<u>3,863,193</u>	<u>3,888,191</u>
UNEMPLOYMENT TRUST FUND			
Cash	B-1	<u>187,293</u>	<u>174,465</u>
		<u>187,293</u>	<u>174,465</u>
LENGTH OF SERVICE AWARDS PROGRAM			
TRUST FUND (UNAUDITED)			
Investments	B	302,862	499,941
Contribution Receivable	B	41,300	23,100
Due from Borough- Plan Assets	A-22	<u>176,138</u>	<u>-</u>
		<u>520,300</u>	<u>523,041</u>
Total Assets		<u>\$ 4,581,694</u>	<u>\$ 4,611,269</u>

See 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, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Due to Current Fund	B-15		\$ 8,060
Reserve for Animal Control Expenditures	B-2	\$ 10,908	<u>17,512</u>
		<u>10,908</u>	<u>25,572</u>
OTHER TRUST FUND			
Multiple Dwelling Emergency Deposits	B-7	43,314	43,292
Other Deposits	B-8	3,044,424	3,032,484
Reserve for Recreation Expenditures	B-9	593,613	342,435
Reserve for Developer's Escrow Deposits	B-12	172,974	367,318
Reserve for Payroll Salary and Wages Payable	B-10, B-11	5,378	5,850
Due to Current Fund - TTL	B-16	-	92,522
Due to Current Fund- Escrow	B-5	3,202	2,758
Due to Current Fund- Payroll	B-6	<u>288</u>	<u>1,532</u>
		<u>3,863,193</u>	<u>3,888,191</u>
UNEMPLOYMENT TRUST FUND			
Reserve for Unemployment Compensation Insurance	B-4	<u>187,293</u>	<u>174,465</u>
		<u>187,293</u>	<u>174,465</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Net Position Available for Benefits	B	<u>520,300</u>	<u>523,041</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,581,694</u>	<u>\$ 4,611,269</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	C-2,C-3	\$ 696,818	\$ 2,159,793
Grants Receivable	C-8	1,368,496	1,699,747
Infrastructure Loan Receivable	C-5	23,431	23,431
Deferred Charges to Future Taxation:			
Funded	C-4	11,697,348	13,147,950
Unfunded	C-9	<u>5,543,227</u>	<u>4,499,976</u>
 Total Assets		 <u>\$ 19,329,320</u>	 <u>\$ 21,530,897</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-14	\$ 8,945,000	\$ 10,201,000
NJ Infrastructure Loan Payable	C-15	2,752,348	2,946,950
Due to Current Fund	C-11	12	3
Due to Ambulance Corp- Excess Funding	C-7	-	10,000
Contracts Payable	C-12	1,932,531	871,529
Reserve for Grants Receivable	C-8	1,288,496	1,138,496
Reserve for Payment of Bonds	C-6	63,946	32,603
Improvement Authorizations:			
Funded	C-13	919,380	1,685,468
Unfunded	C-13	2,344,226	3,600,267
Capital Improvement Fund	C-10	304,104	265,304
Fund Balance	C-1	<u>779,277</u>	<u>779,277</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 19,329,320</u>	 <u>\$ 21,530,897</u>

There were bonds and notes authorized but not issued of \$5,543,227 and \$4,499,976 at December 31, 2015 and 2014, respectively (Exhibit C-16).

BOROUGH OF ELMWOOD PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</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>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ELMWOOD PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	D-5	\$ 2,999,637	\$ 2,561,612
Due from Current Fund	D-20	18	-
Due from Water Utility Capital Fund	D-9	<u>38</u>	<u>7</u>
		<u>2,999,693</u>	<u>2,561,619</u>
Receivables and Inventory			
Consumer Accounts Receivable	D-7	147,305	756,637
Inventory	D-10	<u>500</u>	<u>500</u>
		<u>147,805</u>	<u>757,137</u>
Total Assets		<u>\$ 3,147,498</u>	<u>\$ 3,318,756</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	D-4, D-13	\$ 74,118	\$ 211,445
Encumbrances Payable	D-19	137,507	161,395
Due to Other Trust Fund - Reserve for Accumulated Absences	B-14	-	100,000
Due to Current Fund	D-20	-	580
Accrued Interest on Bonds and Loans	D-14	<u>28,961</u>	<u>31,919</u>
		240,586	505,339
Reserve for Receivables	D	147,305	756,637
Reserve for Inventory	D	500	500
Fund Balance	D-1	<u>2,759,107</u>	<u>2,056,280</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,147,498</u>	<u>\$ 3,318,756</u>

See 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, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	D-5,D-6	\$ 2,544,756	\$ 2,273,331
Infrastructure Trust Loans Receivable	D-8	41,974	41,974
Fixed Capital	D-11	6,889,503	6,889,503
Fixed Capital Authorized and Uncompleted	D-25	<u>3,095,994</u>	<u>3,095,994</u>
 Total Assets		 <u>\$ 12,572,227</u>	 <u>\$ 12,300,802</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	D-21		\$ 150,000
Infrastructure Loans Payable	D-22	\$ 2,818,762	3,056,535
Due to Water Utility Operating Fund	D-9	38	7
Reserve for Amortization	D-18	5,611,512	5,223,739
Deferred Reserve for Amortization	D-12	836,000	836,000
Reserve for Payment of Debt	D-23	335,000	335,000
Improvement Authorizations:			
Funded	D-15	817,629	828,117
Unfunded	D-15	401,324	419,442
Capital Improvement Fund	D-16	1,718,000	1,418,000
Downpayments on Improvements	D-17	9,000	9,000
Fund Balance	D-2	<u>24,962</u>	<u>24,962</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 12,572,227</u>	 <u>\$ 12,300,802</u>

There were bonds and notes authorized but not issued of \$719,223 and \$719,223 at December 31, 2015 and 2014, 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, 2015 AND 2014

REVENUE REALIZED	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Rents	D-3	3,466,095	3,240,956
Non-Budget Revenues	D-3	30,750	21,196
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-13	<u>208,919</u>	<u>241,215</u>
		<u>3,705,764</u>	<u>3,503,367</u>
EXPENDITURES			
Budget Expenditures:			
Operations			
Salaries and Wages	D-4	322,000	330,000
Other Expenses	D-4	1,876,719	1,866,766
Debt Service	D-4	454,218	458,680
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>3,002,937</u>	<u>3,005,446</u>
Excess in Revenue		702,827	497,921
Fund Balance, January 1	D	<u>2,056,280</u>	<u>1,558,359</u>
Fund Balance, December 31	D	<u>\$ 2,759,107</u>	<u>\$ 2,056,280</u>

See 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, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	D	\$ 24,962	\$ 24,962
Balance, December 31	D	<u>\$ 24,962</u>	<u>\$ 24,962</u>

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Reference</u>	<u>Anticipated</u>	<u>Revenues Realized</u>	<u>Excess or (Deficit)</u>
Rents	D-1, D-7	<u>3,011,041</u>	<u>3,466,095</u>	<u>\$ 455,054</u>
	D-1	<u>\$ 3,011,041</u>	3,466,095	<u>\$ 455,054</u>
Non-Budget Revenues	D-1,D-3		<u>30,750</u>	
			<u>\$ 3,496,845</u>	
ANALYSIS OF NON-BUDGET REVENUES				
Interest on Investments	D-3		\$ 29,059	
Miscellaneous-Cash Receipts	D-5		<u>1,691</u>	
	D-1		<u>\$ 30,750</u>	
ANALYSIS OF INTEREST ON INVESTMENTS				
Due From Water Capital Fund	D-9		\$ 135	
Cash Receipts	D-5		<u>28,924</u>	
	D-3		<u>\$ 29,059</u>	

See 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, 2015**

	<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	\$ 322,000	\$ 306,743	\$ 15,257	
Other Expenses	<u>1,701,719</u>	<u>1,876,719</u>	<u>1,854,052</u>	<u>22,667</u>	<u>-</u>
Total Operating	<u>2,198,719</u>	<u>2,198,719</u>	<u>2,160,795</u>	<u>37,924</u>	<u>-</u>
Debt Service					
Payment of Bond Principal	150,000	150,000	150,000		
Interest on Bonds	1,688	1,688	1,688		
Environmental Infrastructure Principal and Interest	<u>310,634</u>	<u>310,634</u>	<u>302,530</u>	<u>-</u>	<u>\$ 8,104</u>
Total Debt Service	<u>462,322</u>	<u>462,322</u>	<u>454,218</u>	<u>-</u>	<u>8,104</u>
Capital Improvements					
Capital Improvement Fund	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	<u>50,000</u>	<u>50,000</u>	<u>13,806</u>	<u>36,194</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	<u>50,000</u>	<u>50,000</u>	<u>13,806</u>	<u>36,194</u>	<u>-</u>
	<u>\$ 3,011,041</u>	<u>\$ 3,011,041</u>	<u>\$ 2,928,819</u>	<u>\$ 74,118</u>	<u>\$ 8,104</u>
	<u>Reference</u>	D-3		D	D
Cash Disbursed	D-5		\$ 2,727,264		
Encumbrances Payable	D-19		137,507		
Due to Current Fund	D-20		562		
Accrued Interest	D-14		<u>63,486</u>		
			<u>\$ 2,928,819</u>		

See 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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Land	\$ 12,775,199	\$ 12,775,199
Construction In Progress	129,166	
Buildings and Improvements	7,721,399	7,717,639
Vehicles and Equipment	<u>9,247,559</u>	<u>8,719,650</u>
	<u>\$ 29,873,323</u>	<u>\$ 29,212,488</u>
 LIABILITIES		
Investment in General Fixed Assets	<u>\$ 29,873,323</u>	<u>\$ 29,212,488</u>

See Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 AND 2014**

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, 2015 AND 2014**

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, 2014 balances to conform to the December 31, 2015 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, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

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

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014**

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 as 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(s) 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, 2015 AND 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (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 2015 there were no increases and 2014 the Borough Council increased the original budget by \$25,000. The increase was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2015 and 2014.

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), 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, 2015 AND 2014

NOTE 3 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. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$20,291,956 and \$20,603,200 and bank and brokerage firm balances of the Borough's deposits amounted to \$20,463,603 and \$20,624,098, 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>2015</u>	<u>2014</u>
Insured	\$ 19,930,279	\$ 20,091,317
Uninsured and Collateralized	<u>533,324</u>	<u>532,781</u>
	<u>\$ 20,463,603</u>	<u>\$ 20,624,098</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, 2015 and 2014, the Borough's bank balances of \$533,324 and \$532,781 were exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 533,324</u>	<u>\$ 532,781</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, 2015 AND 2014**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2015 and 2014, the Borough had the following investments:

	<u>Fair Value</u>
<u>2015</u>	
Investment:	
Length of Service Awards Program (Unaudited)	\$ <u>302,862</u>

	<u>Fair Value</u>
<u>2014</u>	
Investment:	
Length of Service Awards Program (Unaudited)	\$ <u>499,941</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, 2015 and 2014, \$302,862 and \$499,941 of the Borough’s investments was exposed to custodial credit risk as follows:

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

	<u>Fair Value</u>
<u>2014</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>499,941</u>

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, 2015 and 2014, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Service.

BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2015 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2015</u>			
Property Taxes	\$ 619,072		\$ 619,072
Tax Title Liens	574,563		574,563
Utility Charges and Fees	<u>-</u>	<u>\$ 147,305</u>	<u>147,305</u>
	<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, water and sewer charges receivable at December 31, 2014.

Receivables at December 31, 2014 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2014</u>			
Property Taxes	\$ 646,681		\$ 646,681
Tax Title Liens	572,348		572,348
Utility Charges and Fees	<u>-</u>	<u>\$ 756,637</u>	<u>756,637</u>
	<u>\$ 1,219,029</u>	<u>\$ 756,637</u>	<u>\$ 1,975,666</u>

In 2014, the Borough collected \$553,008 and \$762,333 from delinquent taxes and utility charges and fees, which represented 47% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2013.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 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>2015</u>		<u>2014</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	\$ 3,502	\$ 100,018	\$ 105,455	\$ 150,000
Trust Fund:				
Other Trust- Reserve for Accumulated Absences	100,000		250,000	
Other Trust Fund		288		1,532
Other Trust- Escrow		3,202		2,758
Other Trust - TTL		-		92,522
General Capital Fund		12		3
Animal Control Fund		-		8,060
Water Utility Fund:				
Operating	56		7	100,580
Capital	<u>-</u>	<u>38</u>	<u>-</u>	<u>7</u>
Total	<u>\$ 103,558</u>	<u>\$ 103,558</u>	<u>\$ 355,462</u>	<u>\$ 355,462</u>

The above balances are the result of expenditures being paid by one fund on behalf of another interest earnings earned in one fund that are 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, 2015 AND 2014

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>2015</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2014</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,736,504	\$ 3,575,000	\$ 4,812,848	\$ 2,698,756
Non-Cash Surplus	<u>21,105</u>	<u>-</u>	<u>21,105</u>	<u>-</u>
	<u>\$ 5,757,609</u>	<u>\$ 3,575,000</u>	<u>\$ 4,833,953</u>	<u>\$ 2,698,756</u>
Water Utility Operating Fund				
Cash Surplus	\$ 2,759,107		\$ 2,056,280	
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,759,107</u>	<u>\$ -</u>	<u>\$ 2,056,280</u>	<u>\$ -</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014.

	Balance January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Land	\$ 12,775,199			\$ 12,775,199
Construction in Progress	-	\$ 129,166		129,166
Buildings and Building Improvements	7,717,639	3,760		7,721,399
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>
	Balance January 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 12,754,746	\$ 20,453		\$ 12,775,199
Buildings and Building Improvements	7,717,639			7,717,639
Machinery and Equipment	<u>8,648,878</u>	<u>781,387</u>	<u>710,615</u>	<u>8,719,650</u>
	<u>\$ 29,121,263</u>	<u>\$ 801,840</u>	<u>\$ 710,615</u>	<u>\$ 29,212,488</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014.

	Balance, January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
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>
	Balance, January 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
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, 2015 AND 2014

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 water 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>2015</u>	<u>2014</u>
Issued		
General		
Bonds and Loans	\$ 11,697,348	\$ 13,147,950
Water Utility		
Bonds and Loans	2,818,762	3,206,535
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(558,946)</u>	<u>(662,603)</u>
Net Debt Issued	13,957,164	15,691,882
Authorized But Not Issued		
General		
Bonds and Notes	5,543,227	4,499,976
Water Utility		
Bonds and Notes	<u>719,223</u>	<u>719,223</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 20,219,614</u>	<u>\$ 20,911,081</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 .80% and .81% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
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>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 17,647,926	\$ 662,603	\$ 16,985,323
School Debt	31,267,250	31,267,250	-
Water Utility Debt	<u>3,925,758</u>	<u>3,925,758</u>	<u>-</u>
Total	<u>\$ 52,840,934</u>	<u>\$ 35,855,611</u>	<u>\$ 16,985,323</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>2015</u>	<u>2014</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 72,330,301	\$ 73,085,199
Net Debt	<u>16,681,629</u>	<u>16,985,323</u>
Remaining Borrowing Power	<u>\$ 55,648,672</u>	<u>\$ 56,099,876</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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>2015</u>	<u>2014</u>
\$1,465,000, 2003 Taxable Pension Refunding Bonds, due in annual installments of \$135,000 to \$180,000 through March 15, 2018, interest at 4.85%	\$ 495,000	\$ 630,000
\$2,950,000, 2003 Bonds, due in annual installment of \$271,000 through March 15, 2015, interest at 3.00%	-	271,000
\$5,385,000, 2006 General Improvement Bonds, due in annual installments of \$475,000 to \$810,000 through February 15, 2018, interest at 4.00%	2,355,000	2,830,000
\$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>6,095,000</u>	<u>6,470,000</u>
	<u>\$ 8,945,000</u>	<u>\$ 10,201,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department 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>2015</u>	<u>2014</u>
\$4,108,388 2007 EIT Loan, due in semi-annual installments of \$194,602 to \$259,055 through August 1, 2027, interest at 3.00% to 5.00%	<u>\$ 2,752,348</u>	<u>\$ 2,946,950</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Bonds

The Borough pledges revenue from operations to pay debt service on utility bonds issued. There were no utility bonds outstanding at December 31, 2015, final payment was made during 2015.

	<u>2015</u>	<u>2014</u>
\$1,580,000, 2003 Bonds, due in annual installment of \$150,000 through March 15, 2015, interest at 3.00%	\$ -	\$ 150,000

Water Utility Intergovernmental Loans Payable

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

Water Utility

	<u>2015</u>	<u>2014</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%	\$ 2,818,762	\$ 3,056,535

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar Year	General Bonds		General Loans		Water Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 1,285,000	\$ 249,864	\$ 199,924	\$ 67,938	\$ 242,289	\$ 69,506	\$ 2,114,521
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
2021-2025	3,570,000	307,406	1,187,779	259,588	1,380,415	147,196	6,852,384
2026-2028	-	-	514,237	19,924	180,000	7,650	721,811
Total	\$ 8,945,000	\$ 1,159,142	\$ 2,752,348	\$ 570,302	\$ 2,818,762	\$ 447,576	\$ 16,693,130

BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 were as follows:

	Balance, January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
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>
	Balance, January 1, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 11,411,000		\$ 1,210,000	\$ 10,201,000	\$ 1,256,000
Intergovernmental Loans Payable	<u>3,143,639</u>	<u>-</u>	<u>196,689</u>	<u>2,946,950</u>	<u>194,602</u>
General Capital Fund Long-Term Liabilities	<u>\$ 14,554,639</u>	<u>\$ -</u>	<u>\$ 1,406,689</u>	<u>\$ 13,147,950</u>	<u>\$ 1,450,602</u>
Water Utility Capital Fund					
Bonds Payable	\$ 305,000		\$ 155,000	\$ 150,000	\$ 150,000
Intergovernmental Loans Payable	<u>3,281,243</u>	<u>-</u>	<u>224,708</u>	<u>3,056,535</u>	<u>237,773</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 3,586,243</u>	<u>\$ -</u>	<u>\$ 379,708</u>	<u>\$ 3,206,535</u>	<u>\$ 387,773</u>

**BOROUGH OF ELMWOOD PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2015</u>		
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>	
<u>2014</u>		
Pump Station #6	\$ 385,000	2015
2014 Road Program	<u>359,885</u>	2015
	<u>\$ 744,885</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 \$2,880,297 and \$3,050,253 at December 31, 2015 and 2014, 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, 2015 and 2014, the Borough has reserved in the Other Trust Fund \$1,866,880 and \$2,076,041, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation

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 footnotes 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, 2015 and 2014 were as follows:

	Balance, January 1, <u>2015</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>	
<u>2015</u>						
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>\$ 28,389,464</u>	<u>\$ 10,067,127</u>	<u>\$ 1,848,239</u>	<u>\$ 36,608,352</u>	<u>\$ 100,000</u>	
	Balance, January 1, <u>2014</u>	Prior Period <u>Adjustment</u> (A)	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>						
Compensated Absences	\$ 2,057,122		\$ 1,267,697	\$ 274,566	\$ 3,050,253	\$ 100,000
Net Pension Liability - PERS	-	\$ 8,370,947	348,926	367,761	8,352,112	
Net Pension Liability - PFRS	<u>-</u>	<u>17,288,977</u>	<u>735,342</u>	<u>1,037,220</u>	<u>16,987,099</u>	-
	<u>\$ 2,057,122</u>	<u>\$ 25,659,924</u>	<u>\$ 2,351,965</u>	<u>\$ 1,679,547</u>	<u>\$ 28,389,464</u>	<u>\$ 100,000</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

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

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

Other Pension Funds

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

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

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 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) 7.90% for investment rate of return for all the retirement systems except CPFPP (2.00%) and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS 5.50% for DCRP and 6.92 for fiscal year 2015 for PERS of employee's annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for CPFPP, 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.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2015, 2014 and 2013, the Borough, was required to contribute for normal cost pension contributions and accrued liability pension contributions, 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>
2015	\$ 1,037,220	\$ 367,761
2014	953,063	331,353
2013	1,244,680	352,268

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, 2015 and 2014, the Borough had a liability of \$10,176,893 and \$8,352,112, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .04533 percent, which was an increase of .00072 percent from its proportionate share measured as of June 30, 2014 of .04461 percent.

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$730,344 and \$454,624, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$367,761 and \$331,353, respectively. At December 31, 2015 and 2014, 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:

	<u>2015</u>		<u>2014</u>	
	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Experience				
Changes of Assumptions	\$ 1,092,917		\$ 262,635	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	242,785	\$ 163,625		\$ 497,740
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>222,046</u>	<u>-</u>	<u>130,769</u>	<u>-</u>
Total	<u>\$ 1,557,748</u>	<u>\$ 163,625</u>	<u>\$ 393,404</u>	<u>\$ 497,740</u>

**BOROUGH OF ELMWOOD PARK
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2016	\$ 210,869
2017	210,869
2018	210,869
2019	335,304
2020	426,212
Thereafter	<u>-</u>
	<u>\$ 1,394,123</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40% Based on Age	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit Core Bonds	10.00%	1.79%	1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	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>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80 and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 4.90% 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
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, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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.

BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015 and 2014, the Borough had a liability of \$23,551,162 and \$16,987,099, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .14139 percent, which was a decrease of .00635 percent from its proportionate share measured as of June 30, 2014 of .13504 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$2,297,659 and \$1,275,476, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$1,037,220 and \$953,063, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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		\$ 203,136		
Changes of Assumptions	\$ 4,348,129		\$ 637,753	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		409,887		\$ 1,733,476
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,145,165</u>	<u>-</u>	<u>556,140</u>	<u>-</u>
Total	<u>\$ 5,493,294</u>	<u>\$ 613,023</u>	<u>\$ 1,193,893</u>	<u>\$ 1,733,476</u>

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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)

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 <u>December 31,</u>	<u>Total</u>
2016	\$ 975,343
2017	975,343
2018	975,343
2019	1,408,712
2020	545,530
Thereafter	<u>-</u>
	<u>\$ 4,880,271</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Rate of Return</u>	<u>Allocation</u>	<u>Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	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>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF ELMWOOD PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 5.79% ,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 (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	Decrease <u>(4.79%)</u>	Discount Rate <u>(5.79%)</u>	Increase <u>(6.79%)</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, 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, 2015 AND 2014**

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, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,065,358 and \$1,829,225, respectively. For the years ended December 31, 2015 and 2014, 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 \$257,624 and \$231,771, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$107,512 and \$75,955, 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.

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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

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

Basis of Accounting

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

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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 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.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2014 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. This benefit covers the Police and Firemen's Retirement System.

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 \$44.3 million in Fiscal Year 2015 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 (or funding excess) 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, 2015, 2014 and 2013 were \$1,075,963, \$961,788 and \$975,165, 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, 2015, 2014 and 2013 were \$67,389, \$66,870 and \$69,913 respectively.

**BOROUGH OF ELMWOOD PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015	\$ 19,199	\$ 6,371	\$ 187,293
2014	9,767	7,521	174,465
2013	9,517	6,648	172,219

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$1,686,646 and \$1,528,903, 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, 2015 and 2014, 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.

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, 2015 and 2014, 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.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$700 and \$700 for 2015 and 2014, 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.

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.

**BOROUGH OF ELMWOOD PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 17 SUBSEQUENT EVENTS

Debt Authorized

On May 19, 2016 the Borough adopted a Bond Ordinance authorizing the issuance \$281,000 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, 2015		\$ 9,769,671
Increased by Receipts:		
Taxes Receivable	\$ 56,663,971	
Prepaid Taxes	279,509	
Revenue Accounts Receivable	5,796,464	
Due from State of NJ Senior Citizens' and Veterans Deductions	147,375	
Due from General Capital Fund	35	
Due from Water Utility Operating Fund	1,160	
Due from Animal Control Fund	8,060	
Miscellaneous Revenue Not Anticipated	585,300	
Grants Receivable	60,000	
Various Reserves	487,477	
Receipts from Other Trust Fund	94,008	
Unappropriated Grant Reserves	<u>102,601</u>	
		<u>64,225,960</u>
		73,995,631
Decreased by Disbursements:		
2015 Appropriations	23,307,659	
2014 Appropriation Reserves	894,754	
County Taxes	5,011,586	
Added County Taxes	22,761	
Local District School Taxes	33,982,409	
Payments Made to Other Trust- Reserve for Compensated Absences	150,000	
Payments Made on Behalf of the Water Utility Operating Fund	562	
Various Reserves	453,596	
Tax Overpayments	<u>83,646</u>	
		<u>63,906,973</u>
Balance, December 31, 2015		<u>\$ 10,088,658</u>

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

<u>Office</u>	Balance, January 1, <u>2015</u>	Balance, December 31, <u>2015</u>
Collector/Treasurer	\$ 500	\$ 500
Magistrate's Office - Court	175	175
Magistrate's Office - Violations Clerk	<u>175</u>	<u>175</u>
	<u>\$ 850</u>	<u>\$ 850</u>

EXHIBIT A-6

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

Balance, January 1, 2015		\$ 53,172
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	\$ 147,375	
Senior Citizen Deductions Disallowed by Tax Collector	3,750	
Veterans Deductions Disallowed by Tax Collector	3,250	
Senior Citizen Deductions Disallowed by Tax Collector-2014	4,539	
Veterans Deductions Disallowed by Tax Collector- 2014	<u>1,000</u>	
		<u>159,914</u>
		213,086
Decreased by:		
Senior Citizen Deductions per Tax Billing	36,250	
Veterans Deductions per Tax Billing	110,750	
Veterans Deductions Allowed by Tax Collector - 2015	1,500	
Senior Citizen Deductions Allowed by Tax Collector - 2015	<u>1,750</u>	
		<u>150,250</u>
Balance, December 31, 2015		<u>\$ 62,836</u>

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

	Balance, January 1, 2015	Accrued	Received	Balance, December 31, 2015
Municipal Alliance on Alcohol & Drug Abuse	\$ 21,105			\$ 21,105
Safe and Secure Program	-	\$ 60,000	\$ 60,000	-
	<u>\$ 21,105</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 21,105</u>

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

Year	Balance, January 1, 2015	2015 Levy	Added Taxes	Senior Citizens' and Veterans Deductions Disallowed	2014 Collected In	2015	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2015
2012	\$ 10,056						\$ 10,056			
2013	21,579						18,979			\$ 2,600
2014	615,046		\$ 7,773	\$ 5,539		\$ 579,022	-	37,831	-	111,505
	<u>646,681</u>	-	<u>7,773</u>	<u>5,539</u>	-	<u>579,022</u>	-	<u>66,866</u>	-	<u>14,105</u>
2015	-	\$ 57,081,946	91,435	7,000	179,027	56,084,949	150,250	158,973	2,215	604,967
	<u>\$ 646,681</u>	<u>\$ 57,081,946</u>	<u>\$ 99,208</u>	<u>\$ 12,539</u>	<u>\$ 179,027</u>	<u>\$ 56,663,971</u>	<u>\$ 150,250</u>	<u>\$ 225,839</u>	<u>\$ 2,215</u>	<u>\$ 619,072</u>

Analysis of 2015 Tax Levy

Tax Yield	
General Purpose Tax	\$ 57,081,946
Added Taxes (54:4-63.1 et seq.)	<u>91,435</u>
	<u>\$ 57,173,381</u>
Tax Levy	
Local District School Tax (Abstract)	\$ 33,982,409
County Taxes (Abstract)	4,959,155
County Open Space	52,431
Due County for Added Taxes(54:4-63.1 et seq.)	<u>8,723</u>
	\$ 39,002,718
Local Tax for Municipal Purposes (Abstract)	18,075,435
Additional Tax Levied	<u>95,228</u>
	<u>18,170,663</u>
	<u>\$ 57,173,381</u>

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

Balance, January 1, 2015	\$ 572,348
Increased by:	
Transfers from Taxes Receivable	<u>2,215</u>
Balance, December 31, 2015	<u>\$ 574,563</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

Balance, January 1, 2015	<u>\$ 23,450</u>
Balance, December 31, 2015	<u>\$ 23,450</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2015</u>	Accrued in <u>2015</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Borough Clerk				
Liquor Licenses		\$ 24,330	\$ 24,330	
Licenses - Other		13,978	13,978	
Fees and Permits - Other		49,532	49,532	
Construction Code Official				
Fees and Permits		381,836	381,836	
Interest on Investments		68,247	68,247	
Interest and Costs on Taxes		163,566	163,566	
Municipal Court				
Fines and Costs	\$ 53,882	663,188	663,188	\$ 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		42,398	42,398	
Trunk Sewer Revenue	-	<u>2,927,485</u>	<u>2,927,485</u>	-
	<u>\$ 53,882</u>	<u>\$ 5,796,464</u>	<u>\$ 5,796,464</u>	<u>\$ 53,882</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF 2014 APPROPRIATION RESERVES

	Balance, January 1, <u>2015</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transfer to <u>Reserves</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 34,478	\$ 33,776	\$ 493		\$ 33,283
Mayor & Council	1,500	1,500	-		1,500
Financial Administration	22,441	22,441	12		22,429
Revenue Administration	28,275	28,275	-		28,275
Tax Assessment Administration	21,714	21,714	12		21,702
Legal Services & Costs	19,931	23,931	4,000		19,931
Planning Board	836	836	-		836
Zoning Board	2,386	2,386	-		2,386
Municipal Court	39,631	39,631	-		39,631
Public Defender	5,340	5,340	-		5,340
Police	247,201	247,201	498	\$ 100,000	146,703
Police - Crossing Guard	13,568	13,568	-	-	13,568
Police - Other Personnel	3,211	3,211	-	-	3,211
Police- Dispatch 911	10,613	10,613	-	-	10,613
Exempt Firemen	4,160	4,160	-	-	4,160
Fire Official	2,181	2,181	-	-	2,181
Municipal Prosecutor	5,373	5,373	-	-	5,373
Streets & Roads	97,885	97,885	-	-	97,885
Solid Waste Collections	5,859	5,859	-	-	5,859
Board of Health	567	567	-	-	567
Parks & Recreation	101,969	101,969	-	-	101,969
Construction Code Official	1,245	15,245	14,000	-	1,245
Rent Monitoring Board	1,600	1,600	-	-	1,600
Other Expenses					
General Administration	27,638	33,084	6,685	-	26,399
Financial Administration	6,106	26,622	26,126	-	496
Financial Administration-ADP Payroll Service	8,406	11,966	11,966	-	-
Annual Audit	39,472	39,472	39,472	-	-
Revenue Administration	22,357	23,094	3,022	-	20,072
Postage	12,000	12,208	208	-	12,000
Tax Assessment Administration	7,744	12,097	4,550	-	7,547
Legal Services & Costs	6,081	9,747	9,047	-	700
Engineering Services & Costs	357	14,433	13,923	-	510
Planning Board	794	1,494	350	-	1,144
Master Plan	10,000	10,000	-	-	10,000
Rent Monitoring Board	-	350	-	-	350
Zoning Board of Adjustment	1,033	1,383	350	-	1,033
Council on Affordable Housing	20,000	20,000	-	-	20,000
Municipal Court	11,054	12,768	2,877	-	9,891
General Liability Insurance	170,357	170,357	168,550	-	1,807
Employee Group Insurance	74,484	75,084	10,028	-	65,056
Health Benefit Waiver	30,000	30,000	-	-	30,000
Police Department	7,808	33,360	28,892	-	4,468
Police Department - Clothing Allowance	10,875	10,875	-	-	10,875
Police Department - Purchase Police Vehicles	14,853	14,853	-	-	14,853
Office of Emergency Management	1,251	1,251	25	-	1,226
Ambulance Stipend	320	320	-	-	320
Health Services- Lodi	30,970	30,970	-	-	30,970

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

Balance, January 1, 2015	\$ 667,822
Increased by:	
Charges to 2015 Budget Appropriations	<u>580,269</u>
	1,248,091
Decreased by:	
Transferred to Appropriation Reserves	<u>667,822</u>
Balance, December 31, 2015	<u>\$ 580,269</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2015	\$ 179,027
Increased by:	
Payment of 2016 Taxes	<u>279,509</u>
	458,536
Decreased by:	
Applied to 2015 Taxes	<u>179,027</u>
Balance, December 31, 2015	<u>\$ 279,509</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2015	\$ 83,646
Decreased by:	
Cash Disbursements	<u>83,646</u>
Balance, December 31, 2015	<u>\$ -</u>

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

Increased by:		
Levy - Calendar Year 2015		<u>\$ 33,982,409</u>
Decreased by:		
Payments		<u>\$ 33,982,409</u>

EXHIBIT A-17

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
General County Levy - 2015	\$ 4,959,155	
County Open Space Preservation Levy -2015	<u>52,431</u>	
		\$ 5,011,586
Decreased by:		
Payments		<u>5,011,586</u>
Balance December 31, 2015		<u>\$ -</u>

EXHIBIT A-18

STATEMENT OF DUE COUNTY FOR ADDED AND OMITTED TAXES

Balance, January 1, 2015		\$ 14,038
Increased by:		
County Share of Added and Omitted Taxes		<u>8,723</u>
		22,761
Decreased by:		
Payments		<u>22,761</u>
Balance, December 31, 2015		<u>\$ -</u>

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

	Balance, January 1, <u>2015</u>	Transfer From Current Tax <u>Collections</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2015</u>
Reserve for:				
Tax Appeals	\$ 1,528,903	\$ 300,000	\$ 142,257	\$ 1,686,646
Revaluation	<u>37,000</u>	<u>-</u>	<u>-</u>	<u>37,000</u>
	<u>\$ 1,565,903</u>	<u>\$ 300,000</u>	<u>\$ 142,257</u>	<u>\$ 1,723,646</u>

BOROUGH OF ELMWOOD PARK
STATEMENT OF UNAPPROPRIATED RESERVES - PUBLIC AND PRIVATE PROGRAMS

	Balance, January 1, 2015	Cash Receipts	Anticipated as 2015 Budget Revenue	Balance, December 31, 2015
Alcohol Rehab	\$ 7,681	\$ 4,597		\$ 12,278
Recycling Tonnage Grant	39,411		\$ 39,411	-
Safe and Secure Grant		60,000	-	60,000
Body Armor Replacement	1,006	3,970	1,006	3,970
Clean Communities	28,014	34,034	28,014	34,034
	<u>\$ 76,112</u>	<u>\$ 102,601</u>	<u>\$ 68,431</u>	<u>\$ 110,282</u>

EXHIBIT A-21

STATEMENT OF APPROPRIATED RESERVES

	Balance, January 1, 2015	Transfer from Appropriation Reserves	Balance, December 31, 2015
Municipal Alliance	\$ 1,201		\$ 1,201
Alcohol Education and Rehabilitation Fund	30,929	\$ 8,016	38,945
	<u>\$ 32,130</u>	<u>\$ 8,016</u>	<u>\$ 40,146</u>

EXHIBIT A-22

STATEMENT OF PLAN ASSETS DUE TO LOSAP

Increased by:	
Cash Received	\$ 487,477
Decreased by:	
Cash Disbursed to Plan Asset Accounts	<u>311,339</u>
Balance, December 31, 2015	<u>\$ 176,138</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, 2015	\$ 25,287	\$ 3,638,191	\$ 174,465
Increased by Receipts:			
Animal License Fees	\$ 7,171		
State Dog License Fees	1,240		
Reserve for Recreation Fees		\$ 572,576	
Payroll Deductions Payable		11,426,201	
Payroll Salary and Wages Payable		6,021,018	
Employee Unemployment Contribution			\$ 19,199
Developer's Escrow Deposits		83,532	
Payments from Current Fund		150,000	
Payments from Water Operating Fund		100,000	
Interest on Deposits		708	
Other Deposits	-	2,602,121	-
	<u>8,411</u>	<u>20,956,156</u>	<u>19,199</u>
Decreased by Disbursements:			
State Dog License Fees	1,112		
Expenditures under R.S. 4:19-15.11	13,775		
Recreation Expenditures		321,398	
Payroll Deductions Payable		11,426,064	
Payroll Salary and Wages Payable		6,021,627	
Payments to Unemployment Trust Fund - State of New Jersey			6,371
Developer's Escrow Deposits		277,876	
Payments to Current Fund	8,060	94,008	
Other Deposits	-	2,690,181	-
	<u>22,947</u>	<u>20,831,154</u>	<u>6,371</u>
Balance, December 31, 2015	<u>\$ 10,751</u>	<u>\$ 3,763,193</u>	<u>\$ 187,293</u>

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

Balance, January 1, 2015		\$ 17,512
Increased by:		
Dog License Fees	\$ 5,379	
Miscellaneous Fees	1,013	
Cat License Fees	<u>779</u>	
		<u>7,171</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11		24,683
Cash Disbursements		<u>13,775</u>
Balance, December 31, 2015		<u>\$ 10,908</u>

Animal License Fees Collected

<u>Year</u>		
2013	\$	9,040
2014		<u>9,141</u>
	<u>\$</u>	<u>18,181</u>

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

Balance, January 1, 2015		\$ 285
Increased by:		
Payments		<u>1,112</u>
		1,397
Decreased by:		
State Fees Collected		<u>1,240</u>
Balance, December 31, 2015		<u>\$ 157</u>

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

Balance, January 1, 2015	\$ 174,465
Increased by:	
Employee Share From Payroll Agency	<u>19,199</u>
	193,664
Decreased by:	
Unemployment Claims	<u>6,371</u>
Balance, December 31, 2015	<u><u>\$ 187,293</u></u>

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

Balance, January 1, 2015	\$ 2,758
Increased by:	
Interest on Investments and Deposits	<u>444</u>
Balance, December 31, 2015	<u><u>\$ 3,202</u></u>

STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND- PAYROLL

Balance, January 1, 2015	\$ 1,532
Increased by:	
Interest on Investments and Deposits	<u>242</u>
	1,774
Decreased by:	
Payments to Current Fund	<u>1,486</u>
Balance, December 31, 2015	<u><u>\$ 288</u></u>

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

Balance, January 1, 2015	\$ 43,292
Increased by:	
Interest on Deposits	22
Balance, December 31, 2015	\$ 43,314

EXHIBIT B-8

**STATEMENT OF OTHER DEPOSITS
OTHER TRUST FUND**

	Balance, January 1, <u>2015</u>	<u>Increases</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2015</u>
Reserve for:				
Parking Offenses Adjudication Act	\$ 20,537	\$ 2,528	\$ 884	\$ 22,181
Lien Redemptions	94,780	869,382	869,382	94,780
Tax Title Lien Premiums	280,577	604,300	361,300	523,577
Accumulated Absences	2,076,041	100,000	309,161	1,866,880
Equitable Sharing	260,041	41,319	71,889	229,471
Fire Prevention Expenditure	222,599	47,779	127,652	142,726
Police Outside Duty	76,909	1,026,152	942,045	161,016
Drunk Driving		197		197
Centennial		10,464	7,868	2,596
Miscellaneous	1,000	-	-	1,000
	<u>\$ 3,032,484</u>	<u>\$ 2,702,121</u>	<u>\$ 2,690,181</u>	<u>\$ 3,044,424</u>
Cash Receipts		\$ 2,602,121		
Due from Current Fund		100,000		
		<u>\$ 2,702,121</u>		

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

Balance, January 1, 2015	\$ 342,435
Increased by:	
Cash Receipts	<u>572,576</u>
	915,011
Decreased by:	
Cash Disbursements	<u>321,398</u>
Balance, December 31, 2015	<u>\$ 593,613</u>

EXHIBIT B-10

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

Balance (Deficit), January 1, 2015	\$ (68)
Increased by:	
Cash Receipts	<u>11,426,201</u>
	11,426,133
Decreased by:	
Cash Disbursements	<u>11,426,064</u>
Balance, (Deficit) December 31, 2015	<u>\$ 69</u>

EXHIBIT B-11

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

Balance, January 1, 2015	\$ 5,918
Increased by:	
Cash Receipts	<u>6,021,018</u>
	6,026,936
Decreased by:	
Cash Disbursements	<u>6,021,627</u>
Balance, December 31, 2015	<u>\$ 5,309</u>

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

Balance, January 1, 2015	\$ 367,318
Increased by:	
Cash Receipts	<u>83,532</u>
	450,850
Decreased by:	
Cash Disbursements	<u>277,876</u>
Balance, December 31, 2015	<u>\$ 172,974</u>

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

Balance, January 1, 2015	\$ 150,000
Increased by:	
Transfer to Reserve for Compensated Absences	<u>100,000</u>
	250,000
Decreased by:	
Payments Received	<u>150,000</u>
Balance, December 31, 2015	<u>\$ 100,000</u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF DUE FROM WATER UTILITY OPERATING FUND-
RESERVE FOR ACCUMULATED ABSENCES
OTHER TRUST FUND**

Balance, January 1, 2015	\$ 100,000
Decreased by:	
Payments Received	<u>100,000</u>
Balance, December 31, 2015	<u>\$ -</u>

EXHIBIT B-15

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, January 1, 2015	\$ 8,060
Decreased by:	
Payments to Current Fund	<u>8,060</u>
Balance, December 31, 2015	<u>\$ -</u>

EXHIBIT B-16

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

Balances, January 1, 2015	\$ 92,522
Decreased by:	
Payments to Current Fund	<u>92,522</u>
Balance, December 31, 2015	<u>\$ -</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2015		\$ 2,159,793
Increased by Receipts:		
Grant Proceeds	\$ 112,550	
Unfunded Grant Receivable Raised in Current Fund Budget	282,684	
Capital Improvement Fund	100,000	
Interest on Investments	<u>44</u>	
		<u>495,278</u>
		2,655,071
Decreased by Disbursements:		
Improvement Authorizations	1,280,853	
Contracts Payable	667,365	
Payments to Current Fund	35	
Payment to Ambulance Corp	<u>10,000</u>	
		<u>1,958,253</u>
Balance, December 31, 2015		<u><u>\$ 696,818</u></u>

**BOROUGH OF ELMWOOD PARK
ANALYSIS OF CASH**

		Balance, December 31, <u>2015</u>
Grants Receivables		\$ (80,000)
Environmental Infrastructure Loan Receivable		(23,431)
Fund Balance		779,277
Capital Improvement Fund		304,104
Due to Current Fund		12
Contracts Payable		1,932,531
Reserve for Debt Service		63,946
 <u>Improvement Authorizations</u>		
Ord.		
<u>No.</u>		
06-28	Various Capital Improvements (Sewer Main Extension/De-icing Material Storage Building)	299,995
08-8	Improvement to Kipp Ave	78,536
10-17	Improvements to Kipp Ave Section III	(26,179)
11-08	2012 Road Resurfacing Program	39,099
12-06	Various Public Improvements	69,421
13-04	Emergency Generator	293,097
13-10	Various Public Improvements	7,423
13-11	2014 Road Resurfacing Program	62,829
13-16	Various Public Improvements	62,480
13-20	Acquisition of an Easement	(77,758)
13-21	Streetscape	(35,730)
13-27	Handicapped Ramps	(238,000)
14-03	Various Public Improvements	(190,000)
14-11	Supplemental for Fleischers Brook and Underground Storage Tank Closure	(185,562)
14-12	Sanitary Sewer Pump Station	(1,095,623)
14-13	2104 Road Resurfacing Program	(223,284)
14-22	Acq. Of Easement Block 1408/Lot 1	(19,353)
14-25	Improvement boulevard Sections 8 and 9	(213,620)
15-09	Supplemental Hanidcapped Access Curb Ramps	(58,062)
15-14	2015 Road Resurfacing Program	(474,762)
15-17	Resurfacing Iozia Terrace, Franklin and Court St	(108,366)
15-18	Remounting of Two Ambulances onto New Chasis	(200,052)
15-20	Impovement to Boulevard Sections 8,9 &10	(52,650)
15-22	Restoration of Fleischers Brook	6,500
		<u>\$ 696,818</u>

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

Balance, January 1, 2015	\$ 13,147,950
Decreased by:	
Paid by 2015 Budget Appropriation:	
Bonds	\$ 1,256,000
EIT Loan	<u>194,602</u>
	<u>1,450,602</u>
Balance, December 31, 2015	<u>\$ 11,697,348</u>

EXHIBIT C-5

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE

Balance, January 1, 2015	<u>\$ 23,431</u>
Balance, December 31, 2015	<u>\$ 23,431</u>

EXHIBIT C-6

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE

Balances, January 1, 2015	\$ 32,603
Increased by:	
Cancellation of Ordinance #11-08	<u>31,343</u>
Balance, December 31, 2015	<u>63,946</u>

EXHIBIT C-7

STATEMENT OF DUE TO AMBULANCE CORP.

Balance, January 1, 2015	\$ 10,000
Decrease by:	
Payments	<u>10,000</u>
Balance, December 31, 2015	<u>\$ -</u>

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

	Department of Transportation			Community Development Block Grant			County of Bergen		
	Ord.# 2013-6	Ord.# 2013-21	Ord.# 2014-25	Ord.# 2010-17	Ord.# 2015-17	Ord.# 2009-22	Ord.# 2013-27	Ord.# 2014-03	Ord.# 2014-24
Balance, January 1, 2015	\$ 11,160	\$ 584,000	\$ 149,000	\$ 44,336		\$ 481,251	\$ 250,000	\$ 100,000	\$ 80,000
Increased by:									
Awards			\$ -	\$ -	\$ 150,000				
	\$ 11,160	\$ 584,000	\$ 149,000	\$ 44,336	\$ 150,000	\$ 481,251	\$ 250,000	\$ 100,000	\$ 80,000
Decreased by:									
Raised in Current Fund Budget						282,684			
Cancelled Collections						198,567			
						481,251			
Balance, December 31, 2015	\$ 11,160	\$ 584,000	\$ 149,000	\$ 44,336	\$ 150,000	\$ -	\$ 250,000	\$ 100,000	\$ 80,000
Analysis of Balance at December 31, 2015									
Offset by Reserve Unfunded	\$ 1,288,496	\$ 11,160	\$ 584,000	\$ 44,336	\$ 150,000	\$ -	\$ 250,000	\$ 100,000	\$ 80,000
	\$ 80,000								
	\$ 1,368,496	\$ 11,160	\$ 584,000	\$ 44,336	\$ 150,000	\$ -	\$ 250,000	\$ 100,000	\$ 80,000

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

Ordinance Number	Improvement Description	Balance,	Authorized	Grant	Balance,	Analysis of Balance	
		January 1, 2015	2015	Proceeds	December 31, 2015	Expenditures	Unexpended Improvement Authorizations
		\$	\$	\$	\$	\$	\$
10-17	Improvements to Kipp Ave Section III	44,336			26,179	26,179	
12-06	Various Public Improvements	11,160			11,160		11,160
13-16	Various Public Improvements	780			780		780
13-20	Acquisition of an Easement	82,300			77,758	77,758	
13-21	Streetscape Improvements	687,000			687,000	35,730	651,270
13-27	Hanidcapped Access	238,000			238,000	238,000	
14-03	Various Public Improvements	190,000			190,000	190,000	
14-11	Supplemental for Fleischers Brook and Underground Storage Tank Closure	199,000			-	185,562	13,438
14-12	Sanitary Sewer Pump Station	2,242,000			2,242,000	1,095,623	1,146,377
14-13	2104 Road Resurfacing Program	570,000		112,550	457,450	223,284	234,166
14-22	Acq. Of Easement Block 1408/Lot 1	21,400			21,400	19,353	2,047
14-25	Improvement boulevard Sections 8 and 9	214,000			214,000	213,620	380
15-09	Supplemental Hanidcapped Access Curb Ramps		91,600		91,600	58,062	33,538
15-14	2015 Road Resurfacing Program		485,000		485,000	474,762	10,238
15-17	Resurfacing Iozia Terrace, Franklin and Court St		142,000		142,000	108,366	33,634
15-18	Remounting of Two Ambulances onto New Chasis		209,000		209,000	200,052	8,948
15-20	Improvement to Boulevard Sections 8,9 &10		121,900		121,900	52,650	69,250
15-22	Restoration of Fleischers Brook		129,000		129,000	-	129,000
		\$ 4,499,976	\$ 1,178,500	\$ 112,550	\$ 5,543,227	\$ 3,199,001	\$ 2,344,226

Improvement Authorizations- Unfunded

\$ 2,344,226

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

Balance, January 1, 2015	\$ 265,304
Increased by:	
2015 Budget Appropriation	<u>100,000</u>
	365,304
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>61,200</u>
Balance, December 31, 2015	<u>\$ 304,104</u>

EXHIBIT C-11

STATEMENT OF DUE TO CURRENT FUND

Balance, January 1, 2015	\$ 3
Increased by:	
Interest Earnings	<u>44</u>
	47
Decreased by:	
Payments to Current Fund	<u>35</u>
Balance, December 31, 2015	<u>\$ 12</u>

EXHIBIT C-12

STATEMENT OF CONTRACTS PAYABLE

Balance, January 1, 2015	\$ 871,529
Increased by:	
Contract Awards	<u>1,932,531</u>
	2,804,060
Decreased by:	
Cash Disbursed	\$ 667,365
Cancelled	<u>204,164</u>
	<u>871,529</u>
Balance, December 31, 2015	<u>\$ 1,932,531</u>

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2015		2015 Authorizations		Contracts Payable Cancelled	Cancellation	Paid or Charged	Balance, December 31, 2015	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded				Funded	Unfunded
06-28	Various Capital Improvements (Sewer Main Extension and De-icing Material Storage Building)	7/20/2006	\$ 4,163,400	\$ 361,274						\$ 61,279	\$ 299,995	
08-8	Sanitary Sewer Rehabilitation at Elmwood Terrace and other Locations	6/19/2008	190,000	80,476						1,940	78,536	
09-22	Improvement of the Van Riper Culvert	12/17/2009	1,153,350	198,567				\$ 198,567				
10-17	Improvements to Kipp Ave Section III	4/1/2010	247,000		\$ 18,157			18,157				
11-08	2012 Road Resurfacing Program	5/19/2011	570,000	39,099							39,099	
11-18	Various Public Improvements and Acquisition of New Information Technology Equip.	10/20/2011	365,000	43,134								
12-06	Various Public Improvements	4/19/2012	999,000	121,688	11,160		\$ 140	31,343		11,931		
13-04	Emergency Generator	2/7/2013	450,000	293,097						52,267	69,421	\$ 11,160
13-10	Various Public Improvements	4/18/2013	595,000	52,089						44,666	293,097	
13-11	2014 Road Resurfacing Program	4/18/2013	450,000	74,439						11,610	7,423	
13-16	Various Public Improvements	5/16/2013	873,906	241,496	780					179,016	62,829	
13-20	Acquisition of an Easement	8/15/2013	86,500		4,542			4,542				780
13-21	Streetscape Improvements	8/15/2013	687,000	667,638						16,368		651,270
13-27	Handicapped Access	11/7/2013	250,000	11,514	238,000					249,514		
14-03	Various Public Improvements	3/6/2014	200,000	8,595	190,000					198,595		
14-11	Supplemental for Fleischers Brook and Underground Storage Tank Closure	6/5/2014	209,000	123,044						109,606		13,438
14-12	Sanitary Sewer Pump Station	6/5/2014	2,355,000	1,935,954						789,577		1,146,377
14-13	2104 Road Resurfacing Program	6/5/2014	599,000	214,565			191,550			171,949		234,166
14-22	Acq. Of Easement Block 1408/Lot 1	10/2/2014	22,500	2,047								2,047
14-24	Various Improvements to English Ave	12/4/2014	160,000	160,000						160,000		
14-25	Improvement boulevard Sections 8 and 9	12/4/2014	225,000		194,380					206,474		380
15-09	Supplemental Handicapped Access Curb Ramps	4/16/2015	96,200			\$ 4,600				62,662		33,538
15-14	2015 Road Resurfacing Program	5/21/2015	510,000		25,000					499,762		10,238
15-17	Resurfacing Iozia Terrace, Franklin and Court St	6/4/2015	150,000		8,000					116,366		33,634
15-18	Remounting of Two Ambulances onto New Chasis	6/18/2015	220,000		11,000					211,052		8,948
15-20	Impovement to Boulevard Sections 8,9 &10	9/17/2015	128,000		6,100					58,750		69,250
15-22	Restoration of Fleischers Brook	12/3/2015	135,500		6,500						6,500	129,000
			\$ 1,685,468	\$ 3,600,267	\$ 61,200	\$ 1,178,500	\$ 204,164	\$ 252,609	\$ 3,213,384	\$ 919,380	\$ 2,344,226	

Cash Disbursed \$ 1,280,853
 Contracts Payable 1,932,531
\$ 3,213,384

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

Purpose	Date Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, January 1, 2015	Increased	Decreased	Balance, December 31, 2015
			Date	Amount					
Taxable Pension Refunding Bonds	3/15/2003	\$ 1,465,000	3/15/2016	\$ 150,000	4.85%	\$ 630,000	\$ 135,000	\$ 495,000	
			3/15/2017	165,000					
			3/15/2018	180,000					
General Improvements	5/15/2003	2,950,000	5/15/2015	271,000	3.00%	271,000	271,000	-	
General Improvements	6/15/2006	5,385,000	2/15/2016	760,000	4.00%	2,830,000	475,000	2,355,000	
			2/15/2017	785,000					
			2/15/2018	810,000					
General Improvements	8/1/2014	6,830,000	8/1/2016-2018	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>6,470,000</u>	<u>\$ -</u>	<u>375,000</u>	<u>6,095,000</u>
						<u>\$ 10,201,000</u>	<u>\$ -</u>	<u>\$ 1,256,000</u>	<u>\$ 8,945,000</u>
									<u>\$ 1,256,000</u>

Paid by Budget Appropriation

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

<u>Ordinance</u>	<u>Purpose</u>	<u>Date Issue</u>	<u>Amount of Original Issue</u>	<u>Date</u>	<u>Amount</u>	<u>Balance, January 1, 2015</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
06-28	Sewer Main Extension and De-icing Material Storage Bldg.	11/8/2007	\$ 4,108,388	2/1-8/1/2016	\$ 199,924			
				2/1-8/1/2017	205,086			
				2/1-8/1/2018	210,086			
				2/1-8/1/2019	214,925			
				2/1-8/1/2020	220,311			
				2/1-8/1/2021	225,569			
				2/1-8/1/2022	229,924			
				2/1-8/1/2023	234,120			
				2/1-8/1/2024	247,002			
				2/1-8/1/2025	251,164			
				2/1-8/1/2026	255,182			
				2/1-8/1/2027	259,055			
						\$ 2,946,950	\$ 194,602	\$ 2,752,348
						<u>\$ 2,946,950</u>	<u>\$ 194,602</u>	<u>\$ 2,752,348</u>
							<u>\$ 194,602</u>	
								<u>\$ 194,602</u>

Paid by Budget Appropriation

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

Ordinance Number	<u>Improvement Description</u>	Balance, January 1, 2015	2015 Authorizations	Grant Proceeds	Cancellation	Balance, December 31, 2015
10-17	Improvements to Kipp Ave Sec III	\$ 44,336			\$ 18,157	\$ 26,179
12-06	Various Public Improvements	11,160				11,160
13-16	Various Public Improvements	780				780
13-20	Acquisition of an Easement	82,300			4,542	77,758
13-21	Streetscape Improvements	687,000				687,000
13-27	Handicapped 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	570,000		\$ 112,550		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				214,000
15-09	Supplemental Handicapped 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	Improvement to Boulevard Sections 8,9 &10		121,900			121,900
15-22	Restoration of Fleischers Brook	-	129,000	-	-	129,000
		<u>\$ 4,499,976</u>	<u>\$ 1,178,500</u>	<u>\$ 112,550</u>	<u>\$ 22,699</u>	<u>\$ 5,543,227</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, 2015	\$ 2,561,612	\$ 2,273,331
Increased by Receipts:		
Consumer Accounts Receivable	\$ 3,466,095	
Non-Budget Revenue	1,691	
Receipts from Water Utility Capital Fund	104	
Capital Improvement Fund		\$ 300,000
Interest on Investments	<u>28,924</u>	<u>135</u>
	<u>3,496,814</u>	<u>300,135</u>
	6,058,426	2,573,466
Decreased by Disbursements:		
2015 Budget Appropriations	2,727,264	28,606
Appropriation Reserves	163,921	
Accrued Interest on Bonds and Loans	66,444	
Payments to Other Trust- Reserve for Accumulated Absences	100,000	
Payments to Current Fund	1,160	
Payment to Water Utility Operating Fund	<u>-</u>	<u>104</u>
	<u>3,058,789</u>	<u>28,710</u>
Balance, December 31, 2015	<u>\$ 2,999,637</u>	<u>\$ 2,544,756</u>

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

	Balance, January 1, <u>2015</u>
Fund Balance	\$ 24,962
Capital Improvement Fund	1,718,000
Downpayments on Improvements	9,000
Due to Water Utility Operating Fund	38
Due from New Jersey Infrastructure Trust	(41,974)
Reserve for Payment of Debt	335,000
Improvement Authorizations:	
01-14 Various Impvts. & Computer Mapping	609,396
01-21 Replacement of Water Meters	10,930
05-12 Water Improvements	119,790
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>(45,619)</u>
	<u>\$ 2,544,756</u>

EXHIBIT D-7

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

Balance, January 1, 2015	\$ 756,637
Increased by:	
Water Rents Levied	<u>2,856,763</u>
	3,613,400
Decreased by:	
Collections	<u>3,466,095</u>
Balance, December 31, 2015	<u>\$ 147,305</u>

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

Balance, January 1, 2015	\$ <u>41,974</u>
Balance, December 31, 2015	\$ <u><u>41,974</u></u>

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

Balance, January 1, 2015	\$ 7
Increased by:	
Interest Earnings	<u>135</u>
	142
Decreased by:	
Payments to Water Utility Operating Fund	<u>104</u>
Balance, December 31, 2015	\$ <u><u>38</u></u>

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

Balance, January 1, 2015	\$ <u>500</u>
Balance, December 31, 2015	\$ <u><u>500</u></u>

EXHIBIT D-11

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

	<u>Balance, January 1, 2015</u>	<u>Balance, December 31, 2015</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	<u>4,421,600</u>	<u>4,421,600</u>
	<u>\$ 6,889,503</u>	<u>\$ 6,889,503</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>	Balance January 1, <u>2015</u>	Balance December 31, <u>2015</u>
01-14	Various Impvts. & Computer Mapping	9/13/2001	\$ 65,940	\$ 65,940
01-21	Replacement of Water Meters	11/15/2001	623,560	623,560
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>4,000</u>
			<u>\$ 836,000</u>	<u>\$ 836,000</u>
	Capital Improvement Fund			\$ 227,000
	Budget Appropriation			605,000
	Bonds Cancelled at Sale			<u>4,000</u>
				<u>\$ 836,000</u>

EXHIBIT D-13

STATEMENT OF 2014 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance, January 1, <u>2015</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 21,439	\$ 21,439		\$ 21,439
Other Expenses	153,895	315,290	\$ 163,921	151,369
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>36,111</u>	<u>36,111</u>	<u>-</u>	<u>36,111</u>
	<u>\$ 211,445</u>	<u>\$ 372,840</u>	<u>\$ 163,921</u>	<u>\$ 208,919</u>
Appropriation Reserves		\$ 211,445		
Encumbrances Payable		<u>161,395</u>		
		<u>\$ 372,840</u>		
Cash Disbursed			<u>\$ 163,921</u>	

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

Balance, January 1, 2015	\$ 31,919
Increased by:	
2015 Budget Appropriation	63,486
	95,405
Decreased by:	
Interest Paid	66,444
Balance, December 31, 2015	\$ 28,961

Analysis of Accrued Interest, December 31, 2015

<u>Principal</u> <u>Outstanding</u> <u>December 31,</u> <u>2015</u>	<u>Interest</u> <u>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%	8/1/2015	12/31/2015	5 Months	\$ 28,961

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2015		2015 Authorizations	Paid Charged	Balance, December 31, 2015	
				Funded	Unfunded			Funded	Unfunded
01-14	Various Impvts. & Computer Mapping	9/13/2001	\$ 1,365,000	\$ 619,884	\$ 500	\$ 10,488	\$ 609,396	\$ 500	
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	-	312,499	18,118	-	294,381	
				<u>\$ 828,117</u>	<u>\$ 419,442</u>	<u>\$ -</u>	<u>\$ 28,606</u>	<u>\$ 401,324</u>	

Cash Disbursed \$ 28,606

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

Balance, January 1, 2015	\$ 1,418,000
Increased by:	
Budget Appropriation	300,000
Balance, December 31, 2015	\$ 1,718,000

EXHIBIT D-17

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

Balance, January 1, 2015	\$ 9,000
Balance, December 31, 2015	\$ 9,000

EXHIBIT D-18

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

Balance, January 1, 2015	\$ 5,223,739
Increased by:	
Paid by Operating Budget:	
Serial Bonds	\$ 150,000
EIT Loan	237,773
	387,773
Balance, December 31, 2015	\$ 5,611,512

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

Balance, January 1, 2015	\$ 161,395
Increased by:	
Charges to 2015 Budget	<u>137,507</u>
	298,902
Decreased by:	
Transfer to Appropriation Reserves	<u>161,395</u>
Balance, December 31, 2015	<u><u>\$ 137,507</u></u>

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

Balance, January 1, 2015 (Due To)	\$ 580
Increased by:	
Payments Made on Behalf of the Water Utility Operating Fund	<u>562</u>
	1,142
Decreased by:	
Payments made to Current Fund	<u>1,160</u>
Balance, December 31, 2015 (Due From)	<u><u>\$ (18)</u></u>

**BOROUGH OF ELMWOOD PARK
STATEMENT OF WATER SERIAL BONDS
WATER UTILITY CAPITAL FUND**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, January 1, 2015	Decreased	Balance, December 31, 2015
			Date	Amount				
Water Bonds	5/15/2003	\$ 1,580,000	5/15/2015	\$ 150,000	3.00%	\$ 150,000	\$ 150,000	\$ -
						\$ 150,000	\$ 150,000	\$ -
							Paid by Budget Appropriation	\$ 150,000

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

Balance, January 1, 2015 \$ 335,000

Balance, December 31, 2015 \$ 335,000

Analysis of Balance

Ord. # 2005-12 \$ 205,269

Ord. # 2006-29 129,731

\$ 335,000

EXHIBIT D-24

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2015</u>	Balance, December 31, <u>2015</u>
01-14	Various Impvts. And Computer Mapping	\$ 500	\$ 500
05-30	Water Main Replacement	47,500	47,500
06-07	Water Improvements	76,000	76,000
06-29	Water Improvements	255,223	255,223
11-17	Various Water Main Improvements	<u>340,000</u>	<u>340,000</u>
		<u>\$ 719,223</u>	<u>\$ 719,223</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	Balance, January 1, 2015	Balance, December 31, 2015
01-14	Various Impvts. & Computer Mapping	9/13/2001	\$ 1,365,000	\$ 1,365,000	\$ 1,365,000
01-21	Replacement of Water Meters	11/15/2001	800,000	800,000	800,000
05-12	Water Improvements	5/5/2005	600,000	320,994	320,994
05-30	Water Main Replacement	10/20/2005	50,000	50,000	50,000
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>\$ 3,095,994</u>

BOROUGH OF ELMWOOD PARK
PART II
GOVERNMENTAL AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2016. 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.

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.

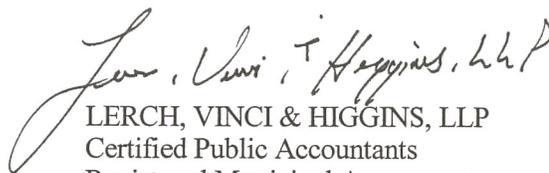
Compliance and Other Matters

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.

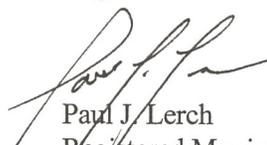
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Elmwood Park in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

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
May 31, 2016

**BOROUGH OF ELMWOOD PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

State Grant Program	Grant Number	Grant Year	Grant Award Received	Grant Receipts	Balance, January 1, 2015	Revenue/Receipts	Expended	Adjustment	Balance, December 31, 2015	Cumulative Expenditures
<u>State Aid Highway Projects</u>										
Highway Planning and Construction- Ord.# 2014-21	20.205	2013	\$ 584,000		\$ 532,380				\$ 532,380	\$ 19,362
Highway Planning and Construction- Ord.#2015-25	20.205	2014	149,000		149,000		\$ 149,000			149,000
<u>Division of Judiciary- Municipal Court</u>										
Alcohol Education and Rehabilitation	9735-760-001-060000	2009			30,929				30,929	1,464
		2014			8,663		647		8,016	797
		2015		\$ 4,597						
<u>Municipal Alliance for Alcohol & Drug Abuse</u> (Passed through Bergen County)	N/A	2013			1,201				1,201	10,476
<u>Department of Environmental Protection</u>										
Solid Waste Administration	4900-765-004-178910	2014			6,771	\$ 28,014	16,112	\$ (6,771)	-	23,103
Clean Communities		2015	28,014	34,034					11,902	16,113
Recycling Tonnage Grant	4900-752-001-178810	2014			14,091		1,030	(13,061)	-	12,852
		2015	39,411			39,411	4,090		35,321	4,090
<u>Division of Criminal Justice</u>										
Body Armor Replacement Fund	1020-718-001-090160	2014			8,721		6,303	(2,418)	-	6,303
		2015	1,006	3,970		1,006			1,006	
<u>Division of Criminal Justice</u> Safe and Secure Grant	1020-100-232-090940	2015	60,000	120,000		60,000	60,000		-	60,000
Grand Total					<u>\$ 751,756</u>	<u>\$ 128,431</u>	<u>\$ 237,182</u>	<u>\$ (22,250)</u>	<u>\$ 620,755</u>	*

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

**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, 2015**

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		\$ 128,431	\$ 128,431
General Capital Fund	\$ 150,000	-	150,000
	<u>\$ 150,000</u>	<u>\$ 128,431</u>	<u>\$ 278,431</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, 2015**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2015, 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	\$ 2,752,348
Environmental Infrastructure Trust Series 2006A		<u>2,818,762</u>
		<u>\$ 5,571,110</u>

**BOROUGH OF ELMWOOD PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015**

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, 2015**

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 OMB Circular A-133 (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, 2015**

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

Finding 2014-001-

Our audit of the General Capital Fund and Water Utility Operating Fund revealed unrecorded contracts and/or commitments at December 31, 2014.

Current Status-

Corrective action has been taken.

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

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

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

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 2,698,756	3.98 %	\$ 2,145,000	3.31 %
Miscellaneous - From Other Than Local				
Property Tax Levies	6,510,925	9.60	6,043,897	9.32
Collection of Delinquent Taxes and Tax Title Liens	579,022	0.85	553,008	0.85
Collection of Current Tax Levy	56,107,226	82.76	54,451,290	83.93
Other Credits	<u>1,902,828</u>	<u>2.81</u>	<u>1,685,271</u>	<u>2.60</u>
Total Income	<u>67,798,757</u>	<u>100.00 %</u>	<u>64,878,466</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	25,168,088	39.22 %	24,254,693	39.34
County Taxes	5,011,586	7.81	4,773,878	7.74
Local District School Taxes	33,982,409	52.95	32,521,408	52.75
Other Expenditures	<u>14,262</u>	<u>0.02</u>	<u>104,289</u>	<u>0.17</u>
Total Expenditures	<u>64,176,345</u>	<u>100.00 %</u>	<u>61,654,268</u>	<u>100.00 %</u>
Excess in Revenue	3,622,412		3,224,198	
Fund Balance, January 1	<u>4,833,953</u>		<u>3,754,755</u>	
	8,456,365		6,978,953	
Less Utilization as Anticipated Revenue	<u>2,698,756</u>		<u>2,145,000</u>	
Fund Balance, December 31	<u>\$ 5,757,609</u>		<u>\$ 4,833,953</u>	

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

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

	<u>Year 2015</u>		<u>Year 2014</u>		
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED					
Collection of Water Rents	\$ 3,466,095	93.53 %	3,240,956	92.51	
Miscellaneous - From Other Than Water	<u>239,669</u>	<u>6.47</u>	<u>262,411</u>	<u>7.49</u>	
Total Income	<u>3,705,764</u>	<u>100.00 %</u>	<u>3,503,367</u>	<u>100.00</u>	%
EXPENDITURES					
Budget Expenditures					
Operating	2,198,719	73.22 %	2,196,766	73.09 %	
Capital Improvement Fund	300,000	9.99	300,000	9.98	
Deferred Charges and Statutory Expenditures	50,000	1.67	50,000	1.66	
Debt Service	<u>454,218</u>	<u>15.13</u>	<u>458,680</u>	<u>15.26</u>	
Total Expenditures	<u>3,002,937</u>	<u>100.00 %</u>	<u>3,005,446</u>	<u>100.00</u>	%
Excess in Revenue	702,827		497,921		
Fund Balance, January 1	<u>2,056,280</u>		<u>1,558,359</u>		
Fund Balance, December 31	<u>\$ 2,759,107</u>		<u>\$ 2,056,280</u>		

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$2.783</u>	<u>\$2.699</u>	<u>\$2.636</u>
<u>Apportionment of Tax Rate</u>			
Municipal *	.881	.880	.864
County	.245	.234	.242
Local School	1.657	1.585	1.530

* Includes Municipal Library

Assessed Valuation

2015	<u>\$2,051,093,899</u>
2014	<u>\$2,051,617,500</u>
2013	<u>\$2,049,178,596</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>
2015	\$ 57,173,387	\$ 56,407,226	98.66%
2014	55,496,255	54,751,290	98.66%
2013	54,194,719	53,386,298	98.51%

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>
2015	\$ 574,563	\$ 619,072	\$ 1,193,635	2.09%
2014	572,348	646,681	1,219,029	2.20%
2013	570,200	614,524	1,184,724	2.19%

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

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>
2015	\$23,450
2014	23,450
2013	23,450

Comparison of Water Utility Levies

<u>Year</u>	<u>Water Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 2,856,763	\$ 2,709,458	94.84%
2014	3,235,260	2,478,623	76.61%
2013	3,354,668	2,592,335	77.28%

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>	2015	\$5,757,609	\$3,750,000
	2014	4,833,953	2,698,756
	2013	3,754,755	2,145,000
<u>Water Utility Operating Fund</u>	2015	\$2,759,107	
	2014	2,056,280	
	2013	1,558,359	

**BOROUGH OF ELMWOOD PARK
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>
Richard A. Mola	Mayor
Robert Colletti	Councilman
Joseph Dombrowski	Councilman
Steven Martino	Councilman
Magdalena Giandomenico	Councilwoman
Louis Vuoncino	Councilman
Anthony Chirido	Councilman
Keith Kazmark	Municipal Clerk
Roy Riggitano	CFO/Treasurer/Utility Collector
Frank Santora	Tax Collector/Tax Search Officer
Anthony Gallina	Magistrate
Mark DiMaria	Prosecutor
Kevin Esposito	Tax Assessor
Michael Foligno	Police Chief
Richard Bolan	Construction Code Official
James DePadova	Plumbing Sub-Code Official
Pompei D'Arco	Fire Official
Debra Zafonte	Court Administrator
Michele Ingrasselino	Registrar of Vital Statistics – 1/1/15-4/11/15
Nancy Mangieri	Health Officer – County – 1/1/15-12/31/15
Barbara Dispoto	Deputy Registrar 1/1/15-3/30/15 Registrar 4/1/15-12/31/15
Marlene DiStefano	Deputy Registrar 4/1/15-12/31/15

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

BOROUGH OF ELMWOOD PARK

GENERAL COMMENTS

Current Year Comments

Our audit of the General Capital Fund contract awards revealed that a contract was awarded prior to the adoption of the bond ordinance which provided for the funding for said project. The bond ordinance was subsequently adopted on June 4, 2015. It is recommended that the Borough award contracts upon the availability of funds.

Our audit of the salaries revealed that one individual's salary was calculated incorrectly resulting in an over-payment. This was reviewed with the Borough and they have set-up a payroll deduction to have the over-payment refunded back to the Borough. 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.

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 \$36,000, except by contract or agreement". Effective July 1, 2015 the maximum bid threshold has increased to \$40,000.

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

Improvements to Iozza Terrace
Market Street Force Main Improvements
English Ave. Park Improvements
2015 Road Resurfacing Program
Boulevard Improvements Sections 8, 9, 10

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 \$36,000 through June 30, 2015 and \$40,000 effective July 1, 2015 "for the performance of any work, or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Collection of Interest of Delinquent Taxes and Assessments

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

The Governing Body on January 1, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

BOROUGH OF ELMWOOD PARK

GENERAL COMMENTS

Collection of Interest of Delinquent Taxes and Assessments (Continued)

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 24, 2015 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>
2015	6
2014	6
2013	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:

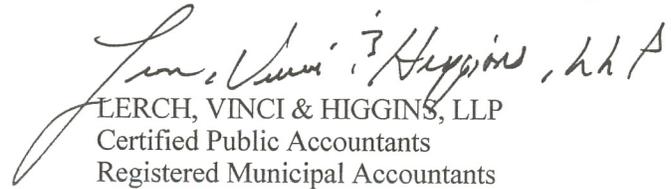
1. The Borough award contracts upon the availability of funds.
2. The Borough perform an internal review of the payroll salaries to ensure calculations are correct.

Status of Prior Year's Audit Findings/Recommendations

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

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