

BOROUGH OF ELMWOOD PARK

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

(With Independent Auditor's Reports Thereon)

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ELMWOOD PARK
Table of Contents

Part I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditors' Report	1-4
	<u>FINANCIAL STATEMENTS</u>	
	<u>Current Fund</u>	
A	Comparative Balance Sheet - Regulatory Basis	5-6
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	8-9
A-3	Statement of Expenditures - Regulatory Basis	10-18
	<u>Trust Funds</u>	
B	Comparative Balance Sheet - Regulatory Basis	19-20
	<u>General Capital Fund</u>	
C	Comparative Balance Sheet - Regulatory Basis	21
C-1	Statement of Fund Balance - Regulatory Basis	22
	<u>Water Utility Operating Fund</u>	
D	Comparative Balance Sheet - Regulatory Basis	23-24
D-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	25
D-2	Statement of Fund Balance - Regulatory Basis	26
D-3	Statement of Revenues - Regulatory Basis	27
D-4	Statement of Expenditures - Regulatory Basis	28
	<u>General Fixed Assets Account Group</u>	
E	Comparative Statement of General Fixed Assets - Regulatory Basis	29
	<u>Payroll Account</u>	
F	Comparative Balance Sheet - Regulatory Basis	30
	Notes to Financial Statements	31-70
	Supplementary Data	71-75

BOROUGH OF ELMWOOD PARK
Table of Contents, Continued

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>SUPPLEMENTARY INFORMATION</u>	
	<u>Current Fund</u>	
A-4	Schedule of Cash-Collector-Treasurer	76
A-5	Schedule of Cash-Change Funds	77
A-6	Schedule of Cash - Petty Cash	77
A-7	Schedule of Amount Due to/(from) State of New Jersey for Senior Citizens' and Veterans' Deduction- CH. 129, P.L. 1976	78
A-8	Schedule of Grants Receivable	79
A-9	Schedule of Amount Due to/(from) Current Fund- Federal and State	80
A-10	Schedule of Municipal Tax Title Liens Receivable	80
A-11	Schedule of Taxes Receivable and Analysis of Property Tax Levy	81
A-12	Schedule of Property Acquired for Taxes (at Assessed Valuation)	82
A-13	Schedule of Revenue Accounts Receivable	83
A-14	Schedule of Interfunds	84
A-15	Schedule of Appropriation Reserves	85-87
A-16	Schedule of Encumbrances	88
A-17	Schedule of Reserve for Other Expenditures	89
A-18	Schedule of Tax Overpayments	90
A-19	Schedule of Local School District Taxes Payable	91
A-20	Schedule of County Taxes Payable	92
A-21	Schedule of Prepaid Taxes	93
A-22	Schedule of Plan Assets Due to LOSAP	94
A-23	Schedule of Appropriated Grant Reserves	95
A-24	Schedule of Unappropriated Grant Reserves	96
	<u>Trust Funds</u>	
B-1	Schedule of Cash-Trust Funds	97
B-2	Schedule of Interfunds Receivable/(Payable)	98
B-3	Schedule of Prepaid Animal Licenses- Animal License Trust Fund	99
B-4	Schedule of Amount Due to/(from) State of New Jersey - Animal License Trust Fund	99
B-5	Schedule of Reserve for Animal Trust Fund Expenditures	100
B-6	Schedule of Reserve for Unemployment Compensation Insurance Fund	101
B-7	Schedule of Various Reserves and Deposits	102
B-8	Schedule of Services Award Contributions Receivable	103
B-9	Schedule of Net Assets Available for Benefits	104

BOROUGH OF ELMWOOD PARK
Table of Contents, Continued

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>General Capital Fund</u>	
C-2	Schedule of Cash -General Capital Fund	105
C-3	Schedule of Analysis of Cash	106-107
C-4	Schedule of Interfunds	108
C-5	Schedule of Deferred Charges to Future Taxation - Funded	109
C-6	Schedule of Deferred Charges to Future Taxation- Unfunded	110-111
C-7	Schedule of Grants Receivable - State of New Jersey Department of Transportation	112
C-8	Schedule of Grants Receivable- Community Development Block Grant	112
C-9	Schedule of Grants Receivable- Bergen County Open Space Grant	113
C-10	Schedule of Environmental Infrastructure Loan Receivable	113
C-11	Schedule of Contributions Receivable-Due from Elmwood Park Board of Education Ord. 27-2018	114
C-12	Schedule of Contributions Receivable- Recreation Trust Fund Ordinance 27-2018	114
C-13	Schedule of General Serial Bonds Payable	115
C-14	Schedule of Bond Anticipation Notes Payable	116
C-15	Schedule of Improvement Authorizations	117-118
C-16	Schedule for Payment of Debt Service	119
C-17	Schedule of Capital Improvement Fund	120
C-18	Schedule of NJ Infrastructure Loan Payable	121
C-19	Schedule of NJ Infrastructure Loan Payable	122
C-20	Schedule of Contracts Payable	123
C-21	Schedule of Reserve for Grants Receivable	124
C-22	Schedule of Bonds and Notes Authorized But Not Issued	125
	<u>Water Utility Fund</u>	
D-5	Schedule of Cash- Treasurer	126
D-6	Analysis of Cash	127
D-7	Schedule of Interfunds	128
D-8	Schedule of Consumers; Accounts Receivable- Operating Fund	129
D-9	Inventory- Material Supplies	129
D-10	Schedule of Loans Receivable- NJ Environmental Infrastructure Trust	130
D-11	Schedule of Fixed Capital	131
D-12	Schedule of Fixed Capital Authorized and Uncompleted	132

BOROUGH OF ELMWOOD PARK
Table of Contents, Continued

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
D-13	Schedule of 2017 Appropriation Reserves	133
D-14	Schedule of Accrued Interest on Bonds and Loans	134
D-15	Schedule of Reserve for Amortization	135
D-16	Schedule of Capital Improvement Fund	135
D-17	Schedule of Improvement Authorizations	136
D-18	Schedule of Reserve for Payment of Debt	137
D-19	Schedule of Environmental Infrastructure Trust Fund Loan Payable	138
D-20	Schedule of Down Payments on Improvements	139
D-21	Schedule of Deferred Reserve for Amortization	140
D-22	Schedule of Encumbrances Payable	141
D-23	Schedule of Contracts Payable	141
D-24	Schedule of Bonds and Notes Authorized But Not Issued	142
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	143-144
	General Comments	145-147
	Comments	148
	Recommendations	149-150
	Status of Prior Years' Audit Findings/Recommendations	151
	Acknowledgment	151

BOROUGH OF ELMWOOD PARK

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

THIS PAGE INTENTIONALLY LEFT BLANK

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of Elmwood Park in the County of Bergen, as of December 31, 2018, the related statement of operations and changes in fund balance – regulatory basis for the year then ended, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents. The financial statements for the year ended December 31, 2017 were audited by other auditors whose report dated August 14, 2018 expressed an adverse opinion on the U.S. Generally Accepted Accounting Principles because of the significance of the requirement that the Borough of Elmwood Park prepare and present its financial statements on the regulatory basis of accounting.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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 reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Elmwood Park as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 12 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer rescue personnel. The amount reflected in the trust fund statements of \$537,856 and \$568,084 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect of the matters described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheet and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Adoption of New Accounting Principle

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Elmwood Park’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The Honorable Mayor and
Members of the Borough Council
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2019 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.



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CROO413



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

July 22, 2019

BOROUGH OF ELMWOOD PARK, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 10,188,889	11,238,993
Change Fund	A-5	850	850
Petty Cash	A-6	1,000	
		<hr/>	<hr/>
		10,190,739	11,239,843
		<hr/>	<hr/>
Receivables and Other Assets with Full Reserves:			
Municipal Liens Receivable	A-10	581,442	579,115
Delinquent Taxes Receivable	A-11	593,231	581,965
Property Acquired for Taxes - Assessed Valuation	A-12	23,450	23,450
Revenue Accounts Receivable	A-13	39,765	53,882
Interfund Accounts Receivable	A-14	33,506	12,286
		<hr/>	<hr/>
		1,271,394	1,250,698
		<hr/>	<hr/>
		11,462,133	12,490,541
		<hr/>	<hr/>
Federal and State Grant Fund:			
Due from Current Fund	A-9	219,569	
Grants Receivable	A-28	21,105	21,105
		<hr/>	<hr/>
		240,674	21,105
		<hr/>	<hr/>
		\$ 11,702,807	12,511,646
		<hr/> <hr/>	<hr/> <hr/>

BOROUGH OF ELMWOOD PARK, N.J.
Comparative Balance Sheet - Regulatory Basis
Current Fund
December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-15	\$ 1,930,829	1,142,885
Encumbrances Payable	A-3/A-16		666,918
Due to Federal and State Grant Fund	A-9	219,569	36
Reserve for Other Expenditures	A-17	1,492,224	1,492,224
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-7	70,865	74,421
Tax Overpayments	A-18	58,197	45,220
County Taxes Payable	A-20		6,466
Prepaid Taxes	A-21	260,812	1,269,003
Due to LOSAP - Plan Assets	A-22	102,752	102,752
		<u>4,135,248</u>	<u>4,799,925</u>
Reserve for Receivables	Contra	1,271,394	1,250,698
Fund Balance	A-1	<u>6,055,491</u>	<u>6,290,928</u>
		<u>11,462,133</u>	<u>12,341,551</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	172,187	55,727
Unappropriated Reserve for Grants	A-24	68,487	114,368
		<u>240,674</u>	<u>170,095</u>
		<u>\$ 11,702,807</u>	<u>12,511,646</u>

See accompanying notes to financial statements.

BOROUGH OF ELMWOOD PARK, N.J.

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

Current Fund

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues and Other Income:		
Fund Balance Utilized	3,575,000	3,575,000
Miscellaneous Revenue Anticipated	5,533,698	5,642,911
Receipts from Delinquent Taxes	581,965	533,056
Receipts from Current Taxes	60,009,331	59,336,553
Non-Budget Revenue	639,288	826,518
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,028,968	1,428,003
Interfunds Returned	5,882	
Other Liabilities Cancelled	14,270	
	<hr/>	<hr/>
Total Revenues and Other Income	71,388,402	71,342,041
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	9,806,652	9,043,512
Other Expenses	12,551,314	12,289,790
Capital Improvement Fund	100,000	50,000
Municipal Debt Service	1,835,863	1,816,799
Deferred Charges and Statutory Expenditures -		
Municipal	2,190,944	2,795,610
Local District School Tax	35,896,232	35,737,258
County Taxes Including Added Taxes	5,663,699	5,321,422
Refunds	1,499	
State Disallowed Senior & Vet Deductions		5,250
Interfunds Advanced	2,636	6,157
	<hr/>	<hr/>
Total Expenditures	68,048,839	67,065,798
Excess (Deficit) Revenue Over Expenditures	<hr/>	<hr/>
	3,339,563	4,276,243
Fund Balance, January 1,	<hr/>	<hr/>
	6,290,928	5,589,685
	<hr/>	<hr/>
	9,630,491	9,865,928
Decreased by:		
Fund Balance Utilized as Budget Revenue	3,575,000	3,575,000
	<hr/>	<hr/>
Fund Balance, December 31,	\$ 6,055,491	6,290,928
	<hr/>	<hr/>

See accompanying notes to the financial statements.

BOROUGH OF ELMWOOD PARK, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 3,575,000	3,575,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	22,000	23,570	1,570
Other	10,000	8,155	(1,845)
Fees and Permits	75,000	97,007	22,007
Fines and Costs:			
Municipal Court	701,000	584,120	(116,880)
Interest and Costs on Taxes	110,000	123,424	13,424
Interest on Investments and Deposits	40,000	172,166	132,166
Energy Receipts Tax	1,335,917	1,335,917	
Consolidated Municipal Property Tax Relief Aid	125,987	125,987	
Board of Education - School Resource Officers	70,000	70,000	
Uniform Construction Code Fees	330,000	351,595	21,595
Uniform Fire Safety Act	51,378	56,917	5,539
Reserve for Payment of Debt Services	325,075	325,075	
Trunk Sewer Revenue	1,718,366	1,715,176	(3,190)
Utility Operating Surplus	365,000	365,000	
Safe and Secure Communities Program - Reserve	60,000	60,000	
Clean Communities - Reserve	33,055	33,055	
Body Armor Fund - Reserve	3,874	3,874	
Recycling Tonnage Grant	17,439	17,439	
Clean Communities	31,633	31,633	
Alcohol Education and Rehabilitation	2,636	2,636	
Distracted Driving	5,500	5,500	
Click it or Ticket	5,500	5,500	
Drunk Driving Enforcement Fund	19,952	19,952	
Total Miscellaneous Revenues	5,459,312	5,533,698	74,386
Receipts from Delinquent Taxes	575,000	581,965	6,965
Subtotal General Revenues	9,609,312	9,690,663	81,351

BOROUGH OF ELMWOOD PARK, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be raised by taxes for support of municipal purposes	19,085,931	20,649,400	1,563,469
Budget Totals	28,695,243	30,340,063	1,644,820
Non-Budget Revenue		639,288	639,288
	<u>\$ 28,695,243</u>	<u>30,979,351</u>	<u>2,284,108</u>

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 60,009,331
Allocated to:	
Local District School Tax	35,896,232
County Taxes	<u>5,663,699</u>
	<u>41,559,931</u>
Balance for Support of Municipal Budget Appropriations	18,449,400
Add : Appropriation - Reserve for Uncollected Taxes	<u>2,200,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 20,649,400</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	<u>\$ 581,965</u>

Analysis of Non-budget Revenues

Verizon Franchise Fee	\$ 101,726
Cablevision Franchise Fee	161,695
Hotel Franchise Tax	95,759
Police Outside Duty Administration Fees	160,828
PVWC - Rental of Equipment	61,680
Forfeited Tax Title Lien Premiums	2,000
Polling Place Rental	200
Pension Refund	4,841
DMV Fines	4,367
JIF Rebate	1,000
Bus Shelter	8,550
Miscellaneous	<u>36,642</u>
	<u>\$ 639,288</u>

See accompanying notes to the financial statements.

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Government:					
Administration:					
Salaries and Wages	\$ 265,000	277,000	261,374	15,626	
Other Expenses	110,000	117,500	116,602	898	
Grant Consultant	36,000	36,000	33,000	3,000	
Mayor and Council:					
Salaries and Wages	36,000	36,000	35,039	961	
Financial Administration:					
Salaries and Wages	300,000	300,000	278,064	21,936	
Other Expenses	91,200	91,200	50,873	40,327	
Other Expenses - ADS Payroll	55,000	55,000	29,188	25,812	
Audit Services	60,000	60,000	20,892	39,108	
Collection of Taxes:					
Salaries and Wages	204,000	204,000	203,999	1	
Other Expenses	40,000	40,000	9,062	30,938	
Postage	40,000	40,000	28,844	11,156	
Assessment of Taxes:					
Salaries and Wages	90,372	90,372	77,257	13,115	
Other Expenses	35,000	35,000	25,882	9,118	
Legal Services and Cost:					
Salaries and Wages	85,000	85,000	81,000	4,000	
Other Expenses	35,000	235,000	115,454	119,546	
Engineering Services and Costs:					
Other Expenses	60,000	60,000	13,884	46,116	

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

Unexpended
Balance
Canceled

Reserved

Paid or
Charged

Budget after
Modification
and Transfer

Budget

Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)

Planning Board:

Salaries and Wages

Other Expenses

Zoning Board

Salaries and Wages

Other Expenses

Council on Affordable Housing

Other Expenses

Insurance:

General Liability

Workers Compensation

Employee Group Health

Employee Group Health - Waiver

Public Safety:

Police:

Salaries and Wages - Regular

Salaries and Wages - Crossing Guards

Salaries and Wages - Other Police Person

Other Expenses - Regular/Specials

Purchase of Police Vehicles

Emergency Management:

Salaries and Wages

Other Expenses

163
3,220
2,819
10,599
24,663
135,922
103,901
39,489
6,250
96,010
987
9,060
59,363
29,276
468
5,017

8,837
4,780
7,181
4,401
20,337
269,279
311,697
2,694,011
3,750
5,589,990
100,513
216,320
375,637
724
98,532
5,693

9,000
8,000
10,000
15,000
45,000
405,201
415,598
2,940,000
10,000
5,686,000
101,500
225,380
435,000
30,000
99,000
10,710

9,000
8,000
10,000
15,000
45,000
405,201
415,598
2,940,000
10,000
5,686,000
101,500
225,380
435,000
30,000
215,000
10,710

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	Budget after Modification and Transfer	Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
First Aid Organization - Contribution:					
Contribution	50,000	50,000	50,000		
Ambulance Stipend	26,000	33,500	31,205	2,295	
Fire Department					
Stipend Program	75,000	110,000	86,337	23,663	
Other Expenses - Miscellaneous	170,000	185,000	124,858	60,142	
Other Expenses - Clothing Allowance	58,000	58,000	54,982	3,018	
Other Expenses - Rental of Firehouse	56,100	56,100	56,100		
Uniform Fire Safety Act (Ch. 383, PL 1983)					
Salaries and Wages - Fire Official	75,000	91,500	91,500		
Other Expenses	7,959	7,959	4,147	3,812	
Municipal Prosecutor:					
Salaries and Wages	25,800	25,800	20,120	5,680	
Municipal Court					
Salaries and Wages	235,000	235,000	180,274	54,726	
Other Expenses	25,000	25,000	14,894	10,106	
Public Defender:					
Salaries and Wages	17,000	17,000	11,710	5,290	
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	1,280,000	1,340,000	1,296,678	43,322	
Other Expenses	410,000	460,000	360,544	99,456	
Other Public Works Functions					
Other Expenses	50,000	50,000	21,997	28,003	

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Shade Tree					
Other Expenses	6,000	6,000	2,000	4,000	
Solid Waste Collection					
Salaries and Wages	90,000	90,000	54,656	35,344	
Other Expenses - Recycling	320,000	320,000	226,540	93,460	
Other Expenses - Solid Waste/Tipping	1,300,000	1,195,000	1,050,655	144,345	
Rent Leveling					
Salaries and Wages	1,600	1,600		1,600	
Other Expenses	350	350		350	
Vehicle Maintenance:					
Other Expenses	78,000	88,000	49,411	38,589	
Health and Welfare:					
Public Health Services:					
Salaries and Wages	12,000	19,500	13,176	6,324	
Other Expenses	14,603	14,603	5,774	8,829	
Veterans Service Bureau					
Other Expenses	4,200	4,200		4,200	
Parks and Recreation:					
Recreation Services and Programs:					
Salaries and Wages	390,000	394,500	394,500		
Other Expenses	125,000	149,000	130,643	18,357	
Maintenance of Parks:					
Other Expenses	30,500	30,500	1,692	28,808	
Celebration of Public Events:					
Other Expenses	30,000	51,000	23,011	27,989	

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Senior Citizen's:					
Other Expenses	28,000	28,500	26,181	2,319	
Utility Expenses and Bulk Purchases					
Gasoline	170,000	170,000	116,557	53,443	
Electric and Gas	300,000	240,000	183,886	56,114	
Telephone	70,000	70,000	55,869	14,131	
Street Lighting	350,000	350,000	288,050	61,950	
Uniform Construction Code:					
Construction Code Official:	245,000	245,000	217,786	27,214	
Salaries and Wages	39,880	39,880	38,286	1,594	
Other Expenses					
Total Operations within "CAPS"	<u>18,253,453</u>	<u>18,253,453</u>	<u>16,376,115</u>	<u>1,877,338</u>	
B. Contingent	<u>10,000</u>	<u>10,000</u>	<u>4,592</u>	<u>5,408</u>	
Total Operations Including Contingent-within "CAPS"	<u>18,263,453</u>	<u>18,263,453</u>	<u>16,380,707</u>	<u>1,882,746</u>	
Detail:					
Salaries & Wages	9,803,152	9,736,652	9,359,798	376,854	
Other Expenses (Including Contingent)	8,460,301	8,526,801	7,020,909	1,505,892	

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	397,861	397,861	397,861		
Social Security System (O.A.S.I.)	430,467	430,467	405,820	24,647	
Police and Firemen's Retirement System of NJ	1,362,616	1,362,616	1,362,616		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	<u>2,190,944</u>	<u>2,190,944</u>	<u>2,166,297</u>	<u>24,647</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	<u>20,454,397</u>	<u>20,454,397</u>	<u>18,547,004</u>	<u>1,907,393</u>	
Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	763,974	763,974	763,974		
Recycling Tax	33,000	33,000	23,844	9,156	
Sewerage Processing and Disposal					
Passaic Valley Sewer Commission	2,332,603	2,332,603	2,332,603		
Operating and Maintenance Costs	546,830	546,830	546,830		
Debt Service					
Total Other Operations - Excluded from "CAPS"	<u>3,676,407</u>	<u>3,676,407</u>	<u>3,667,251</u>	<u>9,156</u>	

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Interlocal Municipal Service Agreements:					
Elmwood Park BOE - School Resource Officers	70,000	70,000	70,000		
County of Bergen - Public Health Officer and Animal Control	90,397	90,397	90,397		
Borough of Fair Lawn - Construction Code Services	57,120	57,120	42,840	14,280	
	<u>217,517</u>	<u>217,517</u>	<u>203,237</u>	<u>14,280</u>	
Total Interlocal Municipal Service Agreements					
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		
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	33,055	33,055	33,055		
Recycling Tonnage Grant	17,439	17,439	17,439		
Body Armor Replacement Fund	3,874	3,874	3,874		
Alcohol Rehabilitation	2,636	2,636	2,636		
Drive Sober or Get Pulled Over	11,000	11,000	11,000		
Drunk Driving Enforcement	19,952	19,952	19,952		
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	31,633	31,633	31,633		
	<u>200,589</u>	<u>200,589</u>	<u>200,589</u>		
Total Public and Private Programs Offset by Revenues					

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total Operations-Excluded from "CAPS"	4,094,513	4,094,513	4,071,077	23,436	
Detail:					
Salaries and Wages	70,000	70,000	70,000		
Other Expenses	4,024,513	4,024,513	4,001,077	23,436	
Capital Improvements - Excluded from "CAPS"	100,000	100,000	100,000		
Capital Improvement Fund					
Total Capital Improvements Excluded from "CAPS"	100,000	100,000	100,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	1,365,000	1,365,000	1,365,000		
Interest on Bonds	156,059	156,059	156,059		
Interest on Notes	57,000	57,000	56,986	14	
New Jersey EIT Loans: Principal and Interest	268,274	268,274	257,818		10,456
Total Municipal Debt Service-Excluded from "CAPS"	1,846,333	1,846,333	1,835,863		10,470

TOWNSHIP OF ELMWOOD PARK, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	6,040,846	6,040,846	6,006,940	23,436	10,470
Subtotal General Appropriations	26,495,243	26,495,243	24,553,944	1,930,829	10,470
Reserve for Uncollected Taxes	2,200,000	2,200,000	2,200,000		
Total General Appropriations	\$ 28,695,243	\$ 28,695,243	\$ 26,753,944	\$ 1,930,829	\$ 10,470

Appropriation by 40:A4-87 \$ 65,221
 Adopted Budget 28,630,022

\$ 28,695,243

Reserve for Uncollected Taxes \$ 2,200,000
 Federal and State Grants 179,589
 Cash 24,374,355

\$ 26,753,944

See accompanying notes to the financial statements.

BOROUGH OF ELMWOOD PARK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Trust Fund:			
Cash	B-1	\$ 35,773	27,400
Due from State of NJ	B-3		156
		<u>35,773</u>	<u>27,556</u>
Other Trust Funds:			
Cash	B-1	<u>2,258,680</u>	<u>2,981,363</u>
Unemployment Compensation Trust:			
Cash	B-1	<u>177,773</u>	<u>196,284</u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Cash in Plan	B-1	444,672	474,900
Contribution Receivable	B-8	3,500	3,500
Plan Assets Receivable	B-8	<u>89,684</u>	<u>89,684</u>
		<u>537,856</u>	<u>568,084</u>
		<u>\$ 3,010,082</u>	<u>3,773,287</u>

BOROUGH OF ELMWOOD PARK

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Interfund - Current Fund	B-2	\$ 8,349	
Due to State of New Jersey	B-4	22	
Pre-Paid Licenses	B-3	1,082	1,794
Reserve for Animal Trust Fund Expenditures	B-5	<u>26,320</u>	<u>25,762</u>
		<u>35,773</u>	<u>27,556</u>
Other Trust Fund:			
Interfund - Current Fund	B-2	17,357	5,882
Reserve for Various Deposits	B-7	2,241,323	2,969,077
Due to Current Fund - Net Payroll			<u>6,404</u>
		<u>2,258,680</u>	<u>2,981,363</u>
Unemployment Compensation Trust:			
Reserve for Expenditures	B-8	<u>177,773</u>	<u>196,284</u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Net Assets Available for Benefits	B-10	<u>537,856</u>	<u>568,084</u>
		<u>\$ 3,010,082</u>	<u>3,773,287</u>

See accompanying notes to financial statements.

BOROUGH OF ELMWOOD PARK

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	C-2/C-3	\$ 2,263,465	3,409,797
Grants Receivable:			
State Department of Transportation	C-7	155,500	187,060
Community Development Block Grant	C-8	274,351	378,571
Bergen County Open Space Grant	C-9	289,358	142,387
Infrastructure Loan Receivable	C-10	17,514	17,514
Due from Elmwood Park Board of Education	C-11	123,538	
Interfunds Receivable:			
Current Fund	C-4		36
Deferred Charges to Future Taxation:			
Funded	C-5	6,955,335	8,676,421
Unfunded	C-6	8,585,019	6,405,756
		<u>\$ 18,664,080</u>	<u>19,217,542</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-13	\$ 4,970,000	6,335,000
Bond Anticipation Notes Payable	C-14	5,833,500	5,088,000
NJ Infrastructure Trust Loan Payable	C-18	1,044,000	1,295,000
NJ Infrastructure Fund Loan Payable	C-19	941,335	1,046,421
Contracts Payable	C-20	1,760,685	1,226,685
Interfunds Payable:	C-4	1,396	
Reserve for Grants Receivable	C-21	472,184	658,918
Improvement Authorizations:			
Funded	C-15	856,717	593,127
Unfunded	C-15	1,565,059	1,509,664
Reserve for Payment of Debt Service	C-16	204,523	432,846
Capital Improvement Fund	C-17	235,404	252,604
Fund Balance	C-1	779,277	779,277
		<u>\$ 18,664,080</u>	<u>19,217,542</u>

There were \$2,751,519 and \$1,363,069 of Bonds and Notes Authorized But Not Issued on December 31, 2018 and 2017 respectively (Exhibit C-13).

See accompanying notes to the financial statements.

BOROUGH OF ELMWOOD PARK

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

For the Years Ended December 31

	<u>2018</u>	<u>2017</u>
Balance - December 31,	\$ <u>779,277</u>	<u>779,277</u>
Balance - December 31,	\$ <u><u>779,277</u></u>	<u><u>779,277</u></u>

See accompanying notes to the financial statements.

BOROUGH OF ELMWOOD PARK

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 5,494,420	4,537,237
Interfunds Receivable	D-7	<u>529</u>	<u>156</u>
		<u>5,494,949</u>	<u>4,537,393</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	81,845	768,454
Inventory - Materials and Supplies	D-9	<u>500</u>	<u>500</u>
		<u>82,345</u>	<u>768,954</u>
Total Water Utility Operating Fund		<u>5,577,294</u>	<u>5,306,347</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	858,664	3,069,009
Fixed Capital	D-10	8,652,408	8,652,408
Fixed Capital Authorized and Uncompleted	D-11	3,370,000	2,890,000
Infrastructure Trust Loans Receivable	D-27	<u>41,974</u>	<u>41,974</u>
Total Capital Fund		<u>12,881,072</u>	<u>14,653,391</u>
		<u>\$ 18,458,366</u>	<u>19,959,738</u>

BOROUGH OF ELMWOOD PARK
Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2018 and 2017

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-12	\$ 720,344	345,689
Reserve for Encumbrances	D-12	13,721	150,625
Accrued Interest on Loans	D-15	22,211	24,377
		<u>756,276</u>	<u>520,691</u>
Reserve for Receivables	Contra	81,845	768,454
Reserve for Inventory	Contra	500	500
Fund Balance	D-1	4,738,673	4,016,702
		<u>5,577,294</u>	<u>5,306,347</u>
Total Water Utility Operating Fund			
		<u>5,577,294</u>	<u>5,306,347</u>
Capital Fund:			
Due to Water Utility Operating Fund	D-7	529	156
Infrastructure Loans Payable	D-24	1,994,669	2,329,828
Improvement authorization:			
Funded	D-19	168,584	77,513
Unfunded	D-19	390,718	187,916
Capital Improvement Fund	D-18	718,000	418,000
Reserve for:			
Payment of Debt Service	D-23	335,000	335,000
Amortization	D-17	6,345,515	6,052,330
Deferred Reserve for Amortization	D-21	2,684,000	2,474,000
Contracts Payable	D-29	109,979	2,434,570
Downpayments on Improvements	D-25	9,000	9,000
Fund Balance	D-2	125,078	335,078
		<u>12,881,072</u>	<u>14,653,391</u>
Total Capital Fund		<u>12,881,072</u>	<u>14,653,391</u>
		<u>\$ 18,458,366</u>	<u>19,959,738</u>

There were \$998,224 and \$686,250 of Bonds and Notes Authorized But Not Issued on December 31, 2018 and 2017 respectively (Exhibit D-24).

See accompanying notes to financial statements.

BOROUGH OF ELMWOOD PARK

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

Water Utility Operating Fund

For the Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and other income:		
Fund Balance Utilized	\$	
Water Rents	3,796,622	3,721,726
Miscellaneous Revenue	94,027	69,819
Liabilities Cancelled	2,166	
Unexpended Balance Appropriation Reserve	340,202	221,376
	<hr/>	<hr/>
Total revenue and other income	4,233,017	4,012,921
	<hr/>	<hr/>
Expenditures:		
Operating	2,497,000	2,473,228
Capital improvements	300,000	300,000
Debt Service	299,046	297,963
Deferred Charges and Statutory Expenditures	50,000	50,000
	<hr/>	<hr/>
Total expenditures	3,146,046	3,121,191
	<hr/>	<hr/>
Excess(Deficit) in revenues	1,086,971	891,730
	<hr/>	<hr/>
Statutory Excess to Surplus	1,086,971	891,730
	<hr/>	<hr/>
Fund Balance, January 1	4,016,702	3,489,972
	<hr/>	<hr/>
	5,103,673	4,381,702
Decreased by:		
Utilized as Current Budgeted Revenue	365,000	365,000
	<hr/>	<hr/>
Balance, December 31	\$ <u>4,738,673</u>	<u>4,016,702</u>

See accompanying notes to financial statements.

BOROUGH OF ELMWOOD PARK

Comparative Statement of Fund Balance - Regulatory Basis

Water Utility Capital Fund

For the Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Balance - December 31, 2017	\$ 335,078	335,078
Increased by:		
Appropriated to Finance Improvement Authorizations	<u>210,000</u>	<u> </u>
Balance - December 31, 2018	<u>\$ 125,078</u>	<u>335,078</u>

See accompanying notes to financial statements.

BOROUGH OF ELMWOOD PARK

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2018

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Water Rents	\$ 3,154,984	3,796,622	641,638
Miscellaneous		<u>94,027</u>	<u>94,027</u>
	<u>\$ 3,154,984</u>	<u>3,890,649</u>	<u>735,665</u>

Analysis of Realized Revenue

	Rents \$	<u>3,796,622</u>
		90,961
	Interest on Investments	2,466
	Due from Water Capital Fund - Interest on Investments	600
	Other Miscellaneous	<u>94,027</u>
	\$	<u>94,027</u>

See accompanying notes to financial statements.

BOROUGH OF ELMWOOD PARK

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2018

	<u>Appropriations</u>				
	<u>Budget</u>	<u>Budget after modifi- cation</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 497,000	497,000	295,799	201,201	
Other Expenses	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,495,180</u>	<u>504,820</u>	
Total Operating	<u>2,497,000</u>	<u>2,497,000</u>	<u>1,790,979</u>	<u>706,021</u>	
Capital Improvements:					
Capital Improvement Fund	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>		
Total Capital Improvements	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to:					
Social Security System (O.A.S.I.)	<u>50,000</u>	<u>50,000</u>	<u>35,677</u>	<u>14,323</u>	
Total Deferred Charges and Statutory Expenditures	<u>50,000</u>	<u>50,000</u>	<u>35,677</u>	<u>14,323</u>	
Debt Service:					
Environmental Infrastructure Principal and Interest	<u>307,984</u>	<u>307,984</u>	<u>299,046</u>		<u>8,938</u>
Total Debt Service	<u>307,984</u>	<u>307,984</u>	<u>299,046</u>		<u>8,938</u>
	<u>\$ 3,154,984</u>	<u>3,154,984</u>	<u>2,425,702</u>	<u>720,344</u>	<u>8,938</u>
Adopted Budget		<u>3,154,984</u>			
		<u>\$ 3,154,984</u>			
			Cash Disbursed \$ 2,353,475		
			Reserve for Encumbrances 13,721		
			Accrued Interest on Loans <u>58,506</u>		
			<u>\$ 2,425,702</u>		

See accompanying notes to financial statements.

Exhibit E

BOROUGH OF ELMWOOD PARK

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets:</u>		
Land	\$ 13,664,400	12,775,199
Land Improvements	613,636	744,485
Buildings	7,003,757	7,593,282
Machinery and Equipment	<u>10,731,774</u>	<u>9,474,171</u>
	<u>\$ 32,013,567</u>	<u>30,587,137</u>
Investment in Fixed Assets	<u>\$ 32,013,567</u>	<u>30,587,137</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ELMWOOD PARK

Comparative Balance Sheet-Regulatory Basis

Payroll Account

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	\$ 8,074	13,875
Deficit in Payroll Deductions and Withholdings		68
	<u>\$ 8,074</u>	<u>13,943</u>
<u>Reserves</u>		
Due to Current Fund - Net Payroll Account	\$ 6,404	6,404
Reserve for Net Payroll	1,670	
Payroll Deductions and Withholdings		7,539
	<u>\$ 8,074</u>	<u>13,943</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Borough of Elmwood Park have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

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

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account group:

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

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

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

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

Community Development Block Grant Trust Fund - This fund is used to account for the award of and subsequent receipt and disbursements related to Community Development Block Grants.

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

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

Water Utility Operating Fund - This fund is used to account for all revenues and expenditures applicable to the operations of the water department.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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

Water Utility Capital Fund – This fund is used to account for financial resources to be used for the acquisition or improvement of water capital facilities. The major resources are derived from the issuance of debt.

Payroll Account – This account is used for all net payroll checks distributed to employees.

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

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Elmwood Park. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. Additionally, a 6% penalty is assessed for balances over \$10,000 if not paid by the end of the calendar year. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the current calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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

Basis of Accounting, (continued)

collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund and Water Utility Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund and Water Utility Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

- General Capital Fund
- Trust Fund
- Water Utility Capital Fund

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the years ended December 31, 2018 and 2017, the Governing Body approved additional revenues and appropriations of \$65,221 and \$-0-, respectively, in accordance with N.J.S.A. 40A:4-87. There were no increases to the water utility operating budget in 2018 and 2017. In addition, several budget transfers were approved by the Governing Body in 2018 and 2017.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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

Basis of Accounting, (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value which approximates cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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

Basis of Accounting, (continued)

General Fixed Assets - The Borough of Elmwood Park has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Fixed assets acquired by the Water Utility Fund are capitalized as Fixed Capital and not depreciated.

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

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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

Basis of Accounting, (continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the 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.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

C. Basic Financial Statements

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

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2018 and 2017, \$-0- of the Borough's bank balance of \$21,320,070 and \$25,841,935, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

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

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

Unaudited Investments

As more fully described in Note 12, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2018 and 2017 amounted to \$444,672 and \$474,900, respectively.

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

	<u>2018</u>	<u>2017</u>
American Funds Growth	\$25,818	\$28,325
Delaware VIP	41,416	47,017
Fixed Account	161,339	163,050
LVIP	211,899	232,264
All Others	<u>4,200</u>	<u>4,244</u>
Total	<u>\$444,672</u>	<u>\$474,900</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

	Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2018</u>	Amounts Due Within <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$6,335,000	\$ _____	\$1,365,000	\$4,970,000	\$700,000
Total Bonds Payable	<u>6,335,000</u>	<u>_____</u>	<u>1,365,000</u>	<u>4,970,000</u>	<u>700,000</u>
Other Liabilities:					
New Jersey Infrastructure Trust:					
Wastewater Loans - General Capital	2,341,421		356,086	1,985,335	198,925
Wastewater Loans - Water Capital	2,329,828		335,159	1,994,669	250,121
Compensated Absences Payable	<u>2,683,623</u>	<u>804,922</u>	<u>813,942</u>	<u>2,674,603</u>	<u>_____</u>
Total Other Liabilities	<u>7,354,872</u>	<u>804,922</u>	<u>1,505,187</u>	<u>6,654,607</u>	<u>449,046</u>
	<u>\$13,689,872</u>	<u>\$804,922</u>	<u>\$2,870,187</u>	<u>\$11,624,607</u>	<u>\$1,149,046</u>

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

	Balance Dec. 31, 2016	Additions	Reductions	Balance Dec. 31, 2017	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	<u>\$7,660,000</u>	<u>\$</u>	<u>\$1,325,000</u>	<u>\$6,335,000</u>	<u>\$1,365,000</u>
Total Bonds Payable	<u>7,660,000</u>	<u></u>	<u>1,325,000</u>	<u>6,335,000</u>	<u>1,365,000</u>
Other Liabilities:					
New Jersey Infrastructure Trust:					
Wastewater Loans - General Capital	2,546,507		205,086	2,341,421	210,086
Wastewater Loans - Water Capital	2,576,472		246,644	2,329,828	251,644
Compensated Absences Payable	<u>2,872,132</u>	<u>276,352</u>	<u>464,861</u>	<u>2,683,623</u>	<u>100,000</u>
Total Other Liabilities	<u>7,995,111</u>	<u>276,352</u>	<u>916,591</u>	<u>7,354,872</u>	<u>561,730</u>
	<u>\$15,655,111</u>	<u>\$276,352</u>	<u>\$2,241,591</u>	<u>\$13,689,872</u>	<u>\$1,926,730</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Issued:			
General - Bonds, Notes and Loans	\$12,788,835	\$13,764,421	\$14,491,507
Authorized but not Issued - General - Bonds and Notes	2,751,519	1,363,069	1,672,985
Water Utility - Bonds, Notes and Loans	1,994,669	2,329,828	2,576,472
Authorized but not Issued - Water - Bonds and Notes	<u>998,224</u>	<u>686,250</u>	<u>686,250</u>
Bonds, Notes and Loans Issued and Authorized not Issued	<u>18,533,247</u>	<u>18,143,568</u>	<u>19,427,214</u>
Less Deductions:			
Reserve for Payment of Debt	<u>539,523</u>	<u>813,159</u>	<u>1,092,921</u>
	<u>539,523</u>	<u>813,159</u>	<u>1,092,921</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$17,993,724</u>	<u>\$17,330,409</u>	<u>\$18,334,293</u>

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .688% for 2018.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$24,700,000	\$24,700,000	0
General Debt	15,540,354	204,523	15,335,831
Water Utility	<u>2,992,893</u>	<u>2,992,893</u>	<u>0</u>
	<u>\$43,233,247</u>	<u>\$27,897,416</u>	<u>\$15,335,831</u>

Net debt of \$15,335,831 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,227,856,893 equals .688%.

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .672% for 2017.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$26,220,000	\$26,220,000	\$0
Local School District Debt	15,127,490	478,159	14,649,331
Water Utility	<u>3,016,078</u>	<u>3,016,078</u>	<u>0</u>
	<u>\$44,363,568</u>	<u>\$29,714,237</u>	<u>\$14,649,331</u>

Net debt of \$14,649,331 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,154,106,359 equals .672%.

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

	<u>2018</u>	<u>2017</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$77,974,991	\$75,393,723
Net Debt	<u>15,335,831</u>	<u>14,649,331</u>
Remaining Borrowing Power	<u>\$62,639,160</u>	<u>\$60,744,392</u>

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>2018</u>	<u>2017</u>
Cash receipts from fees, rents or other charges for year	\$3,890,649	\$3,791,545
Deductions:		
Operating and Maintenance Cost	2,547,000	2,523,228
Debt Service per Water Account	<u>299,046</u>	<u>297,963</u>
Total Deductions	<u>2,846,046</u>	<u>2,821,191</u>
Excess (Deficit) in Revenue - Self-Liquidating	<u>\$1,044,603</u>	<u>\$970,354</u>

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

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

Paid by Current Fund:

<u>General Serial Bonds:</u>	<u>2018</u>	<u>2017</u>
\$1,465,000 2003 Taxable Pension Refunding Bonds, due in annual installments of \$165,000 to \$180,000 through March 15, 2018 at 4.85%	\$	\$180,000
\$5,385,000 2006 General Improvement Bonds, due in annual installments of \$785,000 to \$810,000 through February 15, 2018 at 4.00%		810,000
\$6,830,000, 2013 General Improvement Bonds, due in annual installments of \$375,000 to \$720,000 through August 1, 2025 at 2.00% to 3.00%	<u>4,970,000</u>	<u>5,345,000</u>
Total General Serial Bonds	<u>\$4,970,000</u>	<u>\$6,335,000</u>

Aggregate debt service requirements during the next five years and thereafter are as follows:

<u>Year</u>	<u>General Capital</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$700,000	\$127,994	\$827,994
2020	700,000	113,993	813,993
2021	705,000	98,244	803,244
2022	710,000	81,500	791,500
2023	715,000	62,863	777,863
2024-2025	<u>1,440,000</u>	<u>64,800</u>	<u>1,504,800</u>
	<u>\$4,970,000</u>	<u>\$549,394</u>	<u>\$5,519,394</u>

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General capital, water capital and assessment serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough and/or water utilities revenues and special assessments.

At December 31, 2018 and 2017, the Borough had authorized but not issued debt as follows:

	<u>2018</u>	<u>2017</u>
General Capital Fund	\$2,751,519	\$1,363,069
Water Utility Capital Fund	<u>998,224</u>	<u>686,250</u>
	<u>\$3,749,743</u>	<u>\$2,049,319</u>

NOTE 4. INTERGOVERNMENTAL LOANS PAYABLE

General Intergovernmental Loans Payable

The Borough entered into a loan agreement(s) with the New Jersey 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>General Capital</u>	<u>2018</u>	<u>2017</u>
\$1,885,000, 2007 Trust Loan, due in annual installments of \$70,000 to \$138,000 through August 1, 2027, interest at 3.40%-5.00%	\$1,044,000	\$1,295,000
\$2,042,471, 2007 Fund Loan, due in annual installments of \$2,121 to \$101,934 through August 1, 2027, no interest	<u>941,335</u>	<u>1,046,421</u>
	<u>\$1,985,335</u>	<u>\$2,341,421</u>

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 4. INTERGOVERNMENTAL LOANS PAYABLE, (continued)

Water Utility Intergovernmental Loans Payable

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

<u>Water Utility Capital</u>	<u>2018</u>	<u>2017</u>
\$2,300,814, 2006 Trust Loan, due in annual installments of \$85,000 to \$170,247 through August 1, 2026, interest at 4.00%-5.00%	\$1,166,484	\$1,379,999
\$2,222,699, 2006 Fund Loan, due in annual installments of \$4,868 to \$114,005 through August 1, 2025, no interest	<u>828,185</u>	<u>949,829</u>
	<u>\$1,994,669</u>	<u>\$2,329,828</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST ON OUTSTANDING LOANS

<u>Year</u>	<u>General Capital Loans</u>			<u>Water Utility Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$198,925	\$52,200	251,125	\$250,122	\$43,371	293,493
2020	205,311	47,500	252,811	254,621	38,227	292,848
2021	210,569	42,500	253,069	259,019	32,893	291,912
2022	213,925	37,306	251,231	262,997	27,368	
2023	218,120	31,744	249,864	274,740	21,657	296,397
2024-2027	<u>938,486</u>	<u>66,500</u>	<u>1,004,986</u>	<u>693,170</u>	<u>35,831</u>	<u>729,001</u>
	<u>\$1,985,336</u>	<u>\$277,750</u>	<u>\$2,263,086</u>	<u>\$1,994,669</u>	<u>\$199,347</u>	<u>\$2,194,016</u>

NOTE 5. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 5. BOND ANTICIPATION NOTES, (continued)

On December 31, 2018 and 2017, the Borough had \$5,833,500 and \$5,088,000, respectively, in outstanding General Capital bond anticipation notes. The Borough also had \$-0- and \$-0- of Water Utility Capital Fund bond anticipation notes.

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2018 and 2017:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
General Capital Notes Payable:				
Spencer Savings Bank	<u>\$5,088,000</u>	<u>\$5,833,500</u>	<u>\$5,088,000</u>	<u>\$5,833,500</u>
	<u>\$5,088,000</u>	<u>\$5,833,500</u>	<u>\$5,088,000</u>	<u>\$5,833,500</u>
	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
General Capital Notes Payable:				
Spencer Savings Bank	<u>\$4,285,000</u>	<u>\$5,088,000</u>	<u>\$4,285,000</u>	<u>\$5,088,000</u>
	<u>\$4,285,000</u>	<u>\$5,088,000</u>	<u>\$4,285,000</u>	<u>\$5,088,000</u>

NOTE 6. PENSION PLANS

Description of Plans

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

Public Employees' Retirement System (PERS)

Plan Description

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

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

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

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2018	\$448,508	\$1,518,058	\$-0-
2017	394,464	1,362,616	-0-
2016	389,763	1,149,315	-0-

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2018, the Borough had a liability of \$8,878,158 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was .04509082 percent, which was an increase/(decrease) of .00251020 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$448,508. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$169,308	\$45,779
Changes of assumptions	1,462,973	2,838,753
Net difference between projected and actual earnings on pension plan investments		83,277
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>542,239</u>	<u>262,918</u>
Total	<u>\$2,174,520</u>	<u>\$3,230,727</u>

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$61,619
2020	(85,312)
2021	(611,759)
2022	(530,282)
2023	(169,803)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	.04509082%	.0425806234%

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1- percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease 4.66%	At Current Discount Rate 5.66%	1% Increase 6.66%
Borough's proportionate share of the pension liability	\$11,163,260	\$8,878,158	\$6,961,103

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS)

At December 31, 2018, the Borough had a liability of \$21,011,490 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was .1552766472 percent, which was an increase of .00131195 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$1,518,058. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$213,765	\$86,950
Changes of assumptions	1,803,554	5,384,882.00
Net difference between projected and actual earnings on pension plan investments		114,952
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>1,934,771</u>	<u>114,028</u>
Total	<u>\$3,952,090</u>	<u>\$5,700,812</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Year ended June 30:

2019	\$180,701
2020	(609,135)
2021	(1,704,135)
2022	(1,093,938)
2023	(342,960)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Borough's Proportion	.1552766472%	.1539646984%

Actuarial Assumptions

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

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

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Mortality Rates

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1%	At Current	1%
	Decrease <u>5.51%</u>	Discount Rate <u>6.51%</u>	Increase <u>7.51%</u>
Borough's proportionate share of the pension liability	\$20,570,435,198	\$21,011,490	\$11,080,039,474

Special Funding Situation - PFRS

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

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,854,063 and \$2,662,348, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$338,059 and \$325,665, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$169,029 and \$133,129, 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.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 6. PENSION PLANS, (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 6, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provides they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Total OPEB Liability

At December 31, 2018, the Borough had a liability of \$24,355,481 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2018 the Borough's proportion was 0.155461 percent.

For the year ended December 31, 2018, the Borough recognized OPEB expense of \$422,668. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$4,945,031
Changes of assumptions		6,178,087
Net difference between projected and actual earnings on OPEB plan investments	12,871	
Changes in proportion	<u> </u>	<u>3,227,812</u>
Total	<u>\$12,871</u>	<u>\$14,350,930</u>

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

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

Year ended June 30:	
2019	\$(1,631,392)
2020	(1,631,392)
2021	(1,631,392)
2022	(1,632,752)
2023	(1,634,950)
Thereafter	(2,948,369)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.14 and 8.04 years for 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65 - 8.98%
Thereafter	2.65 - 9.98%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

	June 30, 2018		
	1% Decrease <u>2.87%</u>	At Current Discount Rate <u>3.87%</u>	1% Increase <u>4.87%</u>
Borough's proportionate share of Net OPEB liability	\$28,575,419	\$24,355,481	\$20,984,706

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate	1% <u>Increase</u>
Borough's proportionate share of Net OPEB liability	\$20,316,376	\$24,355,481	\$29,582,683

NOTE 8. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2018 and 2017 which has been appropriated as revenue in the 2019 and 2018 budgets is as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	\$3,575,000	\$3,575,000
Water Utility Operating Fund	-0-	-0-

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 9. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2018 and 2017:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Land	\$12,775,199	\$889,201	\$	\$13,664,400
Land Improvements	744,485	310,228	441,077	1,054,713
Buildings and Improvements	7,593,282	31,477	621,002	7,624,759
Machinery and Equipment	<u>9,474,171</u>	<u>1,585,753</u>	<u>328,150</u>	<u>10,731,774</u>
	<u>\$30,587,137</u>	<u>\$2,816,659</u>	<u>\$1,390,229</u>	<u>\$32,013,567</u>

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Land	\$12,775,199	\$	\$	\$12,775,199
Land Improvements	576,747	167,738		744,485
Buildings and Improvements	7,593,282			7,593,282
Machinery and Equipment	<u>9,608,895</u>	<u>1,150,224</u>	<u>1,284,948</u>	<u>9,474,171</u>
	<u>\$30,554,123</u>	<u>\$1,317,962</u>	<u>\$1,284,948</u>	<u>\$30,587,137</u>

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$2,674,603 as of December 31, 2018 and the estimated amount at December 31, 2017 was \$2,683,623. These amounts have not been reported either as an expenditure or liability. The Borough has started a plan to buy back accumulated days on an annual basis.

As of December 31, 2018 and 2017, the Borough has reserved in the Other Trust Fund \$518,489 and \$1,230,331, respectively, to fund compensated absences in accordance with N.J.S.A. 40A:4-39.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 11. INTERFUND BALANCES AND ACTIVITY

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

\$529	Due to the Water Utility Operating Fund from the Water Utility Capital Fund for interest earned on investments.
8,349	Due to the Current Fund from the Animal License Trust Fund for the statutory excess calculation.
1,396	Due to the Current Fund from the Capital Fund for interest earned on investments and to correct deposit errors.
8,666	Due to the Current Fund from the Escrow Trust Fund for interest earned on developer's deposits due to the Borough.
8,691	Due to the Current Fund from the Other Trust Fund for interest earned on investments and to correct various deposit errors.
6,404	Due to the Current Fund from the Net Payroll account to liquidate the prior year interfund.
<u>219,569</u>	Due to the Federal and State Grant Fund from the current fund for grants received less reimbursement of expenses paid.
<u>\$253,604</u>	

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

NOTE 12. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

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

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 12. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (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 First Aid Organization, come from contributions made solely by the Borough of 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:14-195(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough contributed \$700 and \$700 for 2018 and 2017, respectively, for each eligible volunteer first aid squad member in the Plan. The total Borough contributions were \$3,500 and \$3,500 for 2018 and 2017, respectively.

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

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

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.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 12. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

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.

We have reviewed the plan for the year ended December 31, 2018 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2018 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of 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 fund is an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The SBJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and the 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 fund, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance fund. Members have a contractual obligation to fund any deficit of the insurance fund attributable to a membership year during which they were a member.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 13. RISK MANAGEMENT, (continued)

The fund provides its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

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

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

<u>Year Ended December 31</u>	<u>Employees Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$12,210	\$30,721	\$177,773
2017	11,579	11,475	196,284
2016	10,882	1,995	196,180

NOTE 14. TAXES COLLECTED IN ADVANCE

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

	<u>Balance Dec 31, 2018</u>	<u>Balance Dec 31, 2017</u>
Prepaid Taxes	<u>\$260,812</u>	<u>\$1,269,003</u>
Cash Liability for Taxes Collected in Advance	<u>\$260,812</u>	<u>\$1,269,003</u>

NOTE 15. CONTINGENT LIABILITIES

The Borough is a defendant in various legal proceedings. These cases, if decided against the Borough, would be raised by future taxation. The Borough's legal counsel estimate such amounts to be immaterial.

BOROUGH OF ELMWOOD PARK
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 15. CONTINGENT LIABILITIES, (continued)

Pending Tax Appeals

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018 and 2017. 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, 2018 and 2017, the Borough reserved \$1,455,224 and \$1,455,224, 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.

NOTE 16. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through July 22, 2019, the date which the financial statements were available to be issued and the following additional item was noted for disclosure:

On January 30, 2019, a fire destroyed the Marcal Paper Mill properly located at 1 market Street. As a result, ratable assessments for this property were reduced by approximately \$2,127,400. This is not expected to significantly affect the Borough's tax base as added assessments have generally fluctuated between 2 and 4 million dollars respectively.

NOTE 17. CYBER-ATTACK

On December 22, 2018, the Borough's computer system was infiltrated by a ransom demanding cyber-attack. As a result, the Borough lost all of its financial and tax records for the calendar year 2018. New computer and back-up systems were installed after the Borough was cleared to do so by investigating authorities and the process of rebuilding all financial activity from source documents for 2018 began in January of 2019 and was substantially completed by the end of February 2019.

SUPPLEMENTARY DATA

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ELMWOOD PARK, N.J.

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of Bond</u>
Francesco A. Caramagna	Mayor		
Daniel Golabek	Council President		
Joseph Dombrowski	Councilman		
Magdalena Giandomenico	Councilwoman		
Anthony Chirido	Councilman		
Sandra Balistrieri	Councilwoman		
Lorraine Pelligrine	Councilwoman		
Michael Foligno	Administrator		
Erin Delaney	Acting Borough Clerk		
Giuseppe Randazzo	Attorney		
Roy Riggitano	Chief Finance Officer/Treasurer/Utility Collector		
Frank Santora	Tax Collector	\$ 1,000,000	(A)
Kevin Esposito	Tax Assessor		
Michael Foligno	Police Chief		
Scott Karcz	Superintendent of Public Works		
Richard Bolen	Construction Official		
James DePadova	Plumbing Sub-Code Official		
Phillip Cheski	Fire Official		
Joe Dymarczyk	Electrical Sub-Code Official		
Anthony Gallina	Magistrate	1,000,000	(A)
Debra Zafonte	Court Administrator	1,000,000	(A)
Stephanie Jacob	Deputy Court Administrator	1,000,000	(A)
Kellie M. Reyes, Esq.	Prosecutor		
Hansel Asmar	Health Officer - County		
Marlene DiStefano	Registrar		

(A) - 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

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax rate	\$ <u>2.923</u>	<u>2.889</u>	<u>2.829</u>
Apportionment of tax rate:			
Municipal *	0.920	0.908	0.895
County	0.273	0.257	0.250
Local school	<u>1.730</u>	<u>1.724</u>	<u>1.684</u>

* Includes Municipal Library

Assessed valuation

2018	\$ 2,075,093,390
2017	2,072,358,499
2016	2,062,368,699

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax levy</u>	<u>Currently</u>	
		<u>Cash collections</u>	<u>Percentage of collection</u>
2018	\$ 60,779,776	60,009,331	98.73%
2017	59,943,124	59,336,553	98.99%
2016	58,457,458	57,768,111	98.82%

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>Dec. 31,</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2018	\$ 581,442	593,231	1,174,673	1.93%
2017	579,115	581,965	1,161,080	1.94%
2016	576,815	537,957	1,114,772	1.91%

BOROUGH OF ELMWOOD PARK

Supplementary Data

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2018 by foreclosure or deed as a result of liquidation of tax title liens.

The value of properties 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>
2018	\$	23,450
2017		23,450
2016		23,450

Comparative Schedule of Fund Balances

	<u>Year</u>		<u>Balance, Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
Current Fund:	2018	\$	6,055,491	3,575,000
	2017		6,290,928	3,575,000
	2016		5,589,685	3,575,000
	2015		5,757,609	3,575,000
	2014		4,833,953	2,698,756
Water Utility Fund:	2018	\$	4,738,673	
	2017		4,016,702	
	2016		3,489,972	
	2015		2,759,107	
	2014		2,056,280	

Comparison of Water Utility Levies

<u>Year</u>		<u>Water Levy</u>	<u>Cash collection</u>
2018	\$	3,110,013	3,796,622
2017		4,369,139	3,721,726
2016		3,591,060	3,470,019
2015		2,856,763	2,709,458
2014		3,235,260	2,478,623

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ELMWOOD PARK

Schedule of Expenditures of Federal Awards

Year ended December 31, 2018

Federal Grantor	Federal Program	Federal CFDA Number	Federal FAIN Number	Grant Year	Grant Award Amount	Receipts	Expended	Adjustment	MEMO Cumulative Total Expenditures
(1) Department of Housing and Urban Development	Community Development Block Grant Ord. 2015-17	14.218		2015	150,000			(116,366)	116,366
				2018	124,351		124,351		124,351
	Ord. 2018-05: Resurfacing of Franklin, Orchard and Lee						124,351	(116,366)	
Total Federal Financial Assistance - General Capital Fund									
Federal and State Grant Fund:									
(2) U.S. Department of Transportation National Highway Traffic Safety Administration	Distracted Driving Safety Restraints Program - Click it or Ticket	20.616		2018	5,500	5,500	5,500		5,500
		20.600		2018	5,500	5,500	5,500		5,500
Total Federal Financial Assistance - Federal and State Grant Fund									
Trust Funds:									
U.S. Department of the Treasury U.S. Department of Justice	Equitable Sharing Program Equitable Sharing Program	21.000		2018		1,094	20,143	85,661	20,143
		16.922		2018				50,983	
Total Federal Financial Assistance - Trust Funds									
						26,077	37,036	37,036	
						1,094	20,143	85,661	20,143
						1,094	20,143	136,644	
						27,171	181,530	57,314	
						\$			

(1) Passed through the County of Bergen
 (2) Passed through the State of New Jersey

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

BOROUGH OF ELMWOOD PARK

Schedule of Expenditures of State Awards

Year ended December 31, 2018

State funding department	State program	Grant number	Grant year	Allocation or grant award amount	Revenue Realized/ Receipts	Expended	Adjustments	MEMO Cumulative Total Expenditures
Federal and State Grant Fund: Department of Environmental Protection Agency	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y	2018	17,439 \$	17,439	9,651		9,651
			2017	27,244		2,600	4,450	11,600
	Clean Communities	4900-765-042-4900-004-V42Y	2018	31,633	31,633	3,719		3,719
			2017	33,055	33,055	3,747	665	27,801
			2016	38,908	82,127	19,717	5,115	
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	9735-760-098-X900-001-X100	2018	2,636	2,636			
			2017	3,303				
			2016	12,278				
			2014					
			2009		2,636			
Department of Law and Public Safety	Safe and Secure Grant		2018	60,000	60,000	60,000		60,000
			2017	60,000	60,000			
	Drunk Driving Enforcement Fund	6400-100-078-6400	2018	6,627	6,627	9,960		9,960
			2018	19,952	19,952			
	Division of Criminal Justice Body Armor Fund	1020-718-066-1020-001-YCIS-6120	2017	3,874	3,874	69,960		
					150,453			
Municipal Alliance for Alcohol & Drug Abuse (Passed through Bergen County)			2013					
Total State Financial Assistance - Federal and State Grant Fund								
General Capital Fund: Department of Transportation	Imp. Of the Boulevard, Sec. 10, Phase 2		2017	155,500		132,680		132,680
						132,680		
Total State Financial Assistance - General Capital Fund								
Total State Financial Assistance								
Other Financial Assistance County of Bergen	Stigma Free Grant		2018	1,860	1,860			
						5,115		
Other Financial Assistance County of Bergen	Open Space Trust Fund Birwood Park Imps. - Ord. 2017-32 Tennis Court Imps. - Ord. 2018-27		2017	49,100			(49,100)	49,100
			2018	197,925			(49,100)	
								(49,100)
Total Other Financial Assistance								
Total State and Other Financial Assistance								
				\$	235,216	222,357		\$
						222,357		(43,985)

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

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2018

	Current <u>Fund</u>
Balance - December 31, 2017	\$ 11,238,993
Increased by Receipts:	
Taxes Receivable	59,206,543
Miscellaneous Revenue Not Anticipated	639,288
Tax Overpayments	123,007
Due from State - Senior Citizen and Veteran Deductions	112,194
Revenue Accounts Receivable	5,348,805
Interfunds	8,550
Prepaid Taxes	260,812
Grants Receivable	65,221
Unappropriated Reserves	68,487
	<u>65,832,907</u>
Decreased by Disbursements:	
Current Year Budget Appropriations	24,374,355
Petty Cash	1,000
Interfunds	36
Appropriation Reserves	749,634
Refunds	1,499
Tax Overpayment Refunds	95,760
Local District School Taxes	35,896,232
County Taxes Payable	5,670,165
Appropriated Grant Reserve Disbursements	94,330
	<u>66,883,011</u>
Balance - December 31, 2018	\$ <u>10,188,889</u>

Exhibit A-5

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$ <u>850</u>
Balance - December 31, 2018	\$ <u><u>850</u></u>

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2018

Increased by:	
Disbursed	\$ <u>1,000</u>
Balance - December 31, 2018	\$ <u><u>1,000</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

**Schedule of Amount Due to/(from) State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 129 P.L. 1976**

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	74,421
Decreased by:			
Senior Citizens' Deductions Per Tax Billing	\$	28,500	
Veterans' Deductions Per Tax Billing		<u>87,250</u>	
			<u>115,750</u>
			(41,329)
Increased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash			<u>112,194</u>
Balance - December 31, 2018		\$	<u><u>70,865</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, 2017	2018 Budget Revenue Realized	<u>Received</u>	Balance, Dec. 31, 2018
Municipal Alliance on Alcoholism and Recycling Tonnage Grant	\$ 21,105			21,105
Safe and Secure Communities Grant		17,439	17,439	
Body Armor Grant		60,000	60,000	
Clean Communities		3,874	3,874	
Clean Communities		33,055	33,055	
Drunk Driving Enforcement Fund		31,633	31,633	
Alcohol Education and Rehabilitation		19,952	19,952	
Distracted Driving		2,636	2,636	
Click it or Ticket		5,500	5,500	
	<u>\$ 21,105</u>	<u>179,589</u>	<u>179,589</u>	<u>21,105</u>
		Adopted Budget 114,368		
		Added by N.J.S.A. 40A:4-87 <u>65,221</u>		
		<u>\$ 179,589</u>		
		Cash Receipts 65,221		
		Unappropriated Reserves <u>114,368</u>		
		<u>\$ 179,589</u>		

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Amount Due to/(from) Current Fund

Federal and State Grant Fund

Year Ended December 31, 2018

Increased by:			
Prior Year Balance - Appropriated Reserves	\$	55,727	
Prior Year Balance - Unappropriated Reserves		114,368	
Transfer from Appropriation Reserves		31,201	
Cash Receipts - Unappropriated Reserves		68,487	
Cash Receipts - Grants Receivable		<u>65,221</u>	
			<u>335,004</u>
			(335,004)
Decreased by:			
Cash Disbursements	\$	94,330	
Prior Year Balance - Grants Receivable		<u>21,105</u>	
			<u>115,435</u>
Balance - December 31, 2018	\$		<u><u>(219,569)</u></u>

Schedule of Municipal Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	579,115	
Increased by:			
Transferred from Taxes Receivable		<u>2,327</u>	
Balance - December 31, 2018	\$		<u><u>581,442</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

Year	Balance, Dec. 31, 2017	Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2018
			2017	2018				
2017	581,965			581,965				
	581,965			581,965				
2018		60,779,776	1,269,003	58,624,578	115,750	2,327	174,887	593,231
	\$ 581,965	60,779,776	1,269,003	59,206,543	115,750	2,327	174,887	593,231

Cash 59,206,543

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 60,654,982
Added Tax (R.S. 54:4-63.1 et seq.)	124,794
	\$ 60,779,776

Tax Levy:

Local District School Tax	\$ 35,896,232
County Tax	\$ 5,652,127
County Added and Omitted Taxes	11,572
	5,663,699

Local Tax for Municipal Purposes	\$ 19,085,931
Add: Additional Taxes Levied	133,914

Local Tax for Municipal Purposes	19,219,845
	\$ 60,779,776

BOROUGH OF ELMWOOD PARK, N.J.

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

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$ <u>23,450</u>
Balance - December 31, 2018	\$ <u><u>23,450</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Clerk:				
Licenses:				
Alcoholic beverages		23,570	23,570	
Other		8,155	8,155	
Fees and Permits		97,007	97,007	
Municipal Court :				
Fines and Costs	53,882	570,003	584,120	39,765
Interest and Costs on Taxes		123,424	123,424	
Interest on Investments and Deposits		172,166	172,166	
Consolidated Municipal Property Tax Relief Aid		125,987	125,987	
Energy Receipts Tax		1,335,917	1,335,917	
Uniform Construction Code Fees		351,595	351,595	
Interlocal Service Agreements				
Board of Education - School Resource Officer		70,000	70,000	
Utility Operating Surplus of Prior Year		365,000	365,000	
Uniform Fire Safety Act - Local		56,917	56,917	
Trunk Sewer Revenue		1,715,176	1,715,176	
Reserve for Payment of Debt		325,075	325,075	
	<u>53,882</u>	<u>5,339,992</u>	<u>5,354,109</u>	<u>39,765</u>
	\$			
			Interest on Investments \$ 5,304	
			Cash Collections <u>5,348,805</u>	
			\$ <u>5,354,109</u>	

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2018

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Animal Control Trust Fund		8,349		8,349
Other Trust Fund	4,823	8,691	4,823	8,691
Other Trust Fund - Escrow	1,059	10,734	3,127	8,666
General Capital Fund	(36)	2,032	600	1,396
Net Payroll	6,404			6,404
	<u>\$ 12,250</u>	<u>29,806</u>	<u>8,550</u>	<u>33,506</u>
			Cash Receipts \$ 8,550	
		36		
		1,184		
		20,237		
		8,349		
		<u>\$ 29,806</u>	<u>8,550</u>	

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 7,354	7,354		7,354
Mayor and Council	596	596		596
Financial Administration	11,604	11,604		11,604
Revenue Administration	2,383	2,383		2,383
Assessment of Taxes	14,786	14,786		14,786
Legal Services and Costs	21,901	26,901	1,695	25,206
Planning Board	338	338		338
Zoning Board	2,906	2,906		2,906
Police	2,525	2,525		2,525
Crossing Guards	1,041	1,041		1,041
Other Police Personnel	453	453		453
Police Dispatch/911	37,068	37,068		37,068
Fire Official	272	272		272
Ambulance Stipend	7,900	7,900	2,800	5,100
Fire Department Stipend Program	17,315	17,315		17,315
Municipal Prosecutor	4,819	4,819		4,819
Municipal Court	64,227	64,227	70	64,157
Public Defender	5,649	5,649		5,649
Road Repairs and Maintenance	16,813	16,813		16,813
Solid Waste Collection	171	171		171
Public Health Services	361	361		361
Recreation Services and Programs	1,061	1,061		1,061
Rent Leveling	1,600	1,600		1,600
Construction Code Official	18,864	18,864		18,864
Total Salaries and Wages Within "CAPS"	242,007	247,007	4,565	242,442
Other Expenses Within "CAPS":				
Administrative and Executive				
Other Expenses	3,708	24,656	5,044	19,612
Grant Consultant	1,915	1,915		1,915
Financial Administration:				
Other Expenses	12,058	25,318	14,146	11,172
Payroll Service	14,869	17,271	9,255	8,016
Audit Services	60,000	60,000	57,035	2,965
Engineering Services and Costs	36,547	38,176	19,355	18,821
Collection of Taxes	16,022	16,022	617	15,405

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	Balance <u>Lapsed</u>
Postage	6,353	11,353	5,000	6,353
Assessment of Taxes:				
Other Expenses	24,153	24,194	31	24,163
Legal Services and Costs	28,875	28,875	9,768	19,107
Planning Board	2,722	2,722	204	2,518
Master Plan	20,000	20,000		20,000
Zoning Board	6,372	7,272	965	6,307
Council on Affordable Housing	477	5,227	4,750	477
Insurance:				
General Liability	18,952	104,729	85,777	18,952
Group Insurance	66,187	66,187	5,670	60,517
Worker's Compensation		104,359	104,359	
Health Benefit Waiver	7,695	7,695		7,695
Police:				
Other Expenses - Regular	26,665	51,780	33,573	18,207
Other Expenses - Clothing Allowance	51,479	51,479		51,479
Emergency Management Services	5,010	5,282		5,282
Fire Department				
Other Expenses - Miscellaneous	18,620	61,448	40,213	21,235
Other Expenses - Clothing Allowance	7,578	7,578		7,578
Uniform Fire Code	6,282	6,282		6,282
Municipal Court	11,235	10,710	899	9,811
Road Repairs and Maintenance	56,798	104,783	67,063	37,720
Traffic Lights	21,106	26,271	5,584	20,687
Shade Tree	6,000	6,000		6,000
Solid Waste Collection - Recycling	73,556	80,849	406	80,443
Solid Waste Collection - Tipping Fees	38,491	146,329	79,329	67,000
Vehicle Maintenance	21,085	23,099	13,011	10,088
Public Health Services	9,376	9,376	701	8,675
Animal Control	1,723	1,723		1,723
Veterans Services Bureau	4,200	4,200		4,200
Recreation	30,982	32,616	3,265	29,351
Maintenance of Parks	835	835		835
Celebration of Public Events				
Other Expenses	7,811	8,446	635	7,811
Senior Citizen Expenses	152	171	171	
Gasoline	21,434	36,632	10,311	26,321
Electric and Gas	13,917	79,021	60,292	18,729

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Telephone	9,314	28,474	10,359	18,115
Street Lighting	35,080	107,664	88,318	19,346
Rent Leveling	350	350		350
Construction Code Official	15,225	15,435	694	14,741
Contingent	1,895	1,895	479	1,416
	<u>823,104</u>	<u>1,474,699</u>	<u>737,279</u>	<u>737,420</u>
Total Other expenses Within "CAPS"				
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security System (O.A.S.I.)	40,268	40,268		40,268
	<u>40,268</u>	<u>40,268</u>		<u>40,268</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"				
Other Expenses Excluded From "CAPS":				
Recycling Tax	5,073	10,281	1,443	8,838
	<u>5,073</u>	<u>10,281</u>	<u>1,443</u>	<u>8,838</u>
Total Other Expenses Excluded from "CAPS"				
Public and Private Programs offset by Revenues: Excluded from "CAPS"				
Recycling Tonnage Grant	18,244	22,694	22,694	
Clean Communities	14,189	14,854	14,854	
	<u>32,433</u>	<u>37,548</u>	<u>37,548</u>	
Total Public and Private Programs offset by Revenues: Excluded from "CAPS"				
Total Reserves	<u>\$ 1,142,885</u>	<u>1,809,803</u>	<u>780,835</u>	<u>1,028,968</u>
		Appropriation Reserves Encumbrances		
		1,142,885 <u>666,918</u>		
		<u>\$ 1,809,803</u>		
		Cash Disbursed	749,634	
		Transferred to Appropriated Grant Reserves	<u>31,201</u>	
			<u>\$ 780,835</u>	

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$ <u>666,918</u>
Decreased by:	
Transferred to Appropriation Reserves	\$ <u><u>666,918</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Reserve for Other Expenditures

Current Fund

Year Ended December 31, 2018

	<u>Pending Tax Appeals</u>	<u>Revaluation</u>	<u>Total</u>
Balance - December 31, 2017	\$ <u>1,455,224</u>	<u>37,000</u>	<u>1,492,224</u>
Balance - December 31, 2018	\$ <u><u>1,455,224</u></u>	<u><u>37,000</u></u>	<u><u>1,492,224</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	45,220
Increased by:			
Collections			<u>123,007</u>
			168,227
Decreased by:			
Refunds	\$	95,760	
Canceled		<u>14,270</u>	
			<u>110,030</u>
Balance - December 31, 2018		\$	<u><u>58,197</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Local School District Tax Payable

Current Fund

Year Ended December 31, 2018

Increased by:	
2018 Levy	\$ <u>35,896,232</u>
Decreased by:	
Payments	\$ <u><u>35,896,232</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	6,466
Increased by:			
2018 Levy	\$	5,421,150	
2018 Open Space		230,977	
2018 Added Assessments		<u>11,572</u>	
			<u>5,663,699</u>
			5,670,165
Decreased by:			
Payments	\$	<u>5,670,165</u>	

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$ 1,269,003
Increased by:	
Collections	<u>260,812</u>
	1,529,815
Decreased by:	
Applied to 2018 Taxes Receivable	<u>1,269,003</u>
Balance - December 31, 2018	<u><u>\$ 260,812</u></u>

BOROUGH OF ELMWOOD PARK, N.J.

Statement of Plan Assets Due to LOSAP

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017 \$ 102,752

Balance - December 31, 2018 \$ 102,752

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, 2017	Transfer From 2018 Budget	<u>Expended</u>	Balance, Dec. 31, 2018
Municipal Alliance on Alcohol and Drug Abuse - 2017	\$ 1,201			1,201
Alcohol Education and Rehabilitation	54,526			54,526
Recycling Tonnage Grant		37,533	9,651	27,882
Safe and Secure Communities		60,000	60,000	
Body Armor Replacement Fund		3,874		3,874
Clean Communities		44,162	3,719	40,443
Clean Communities		31,633		31,633
Drunk Driving Enforcement Fund		19,952	9,960	9,992
Alcohol Education and Rehabilitation		2,636		2,636
Distracted Driving		5,500	5,500	
Click it or Ticket		5,500	5,500	
	<u>\$ 55,727</u>	<u>210,790</u>	<u>94,330</u>	<u>172,187</u>
		Budget 114,368		
		Transferred from Appropriation Reserves 31,201		
		Appropriated by 40a:4-87 <u>65,221</u>		
		<u>\$ 210,790</u>		
		Cash Disbursements <u>94,330</u>		
			<u>\$ 94,330</u>	

BOROUGH OF ELMWOOD PARK, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, 2017	Transfer To 2018 Budget	<u>Received</u>	Balance, Dec. 31, 2018
Safe and Secure Grant	\$ 60,000.00	60,000	60,000	60,000
Body Armor Replacement	3,874	3,874		
Clean Communities	33,055	33,055		
Recycling Tonnage Grant	17,439	17,439		
Bergen Co. Stigma Free Grant			1,860	1,860
Drunk Driving Enforcement Fund			6,627	6,627
	<u>\$ 114,368</u>	<u>114,368</u>	<u>68,487</u>	<u>68,487</u>

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ELMWOOD PARK

Schedule of Cash

Trust Funds

Year Ended December 31, 2018

	Animal Trust <u>Fund</u>	Other Trust <u>Fund</u>	Unemployment Compensation Trust <u>Fund</u>	Emergency Service LOSAP <u>Fund</u>
Balance - December 31, 2017	\$ 27,400	2,967,488	196,284	474,900
Increase by Receipts:				
Reserve for Animal Trust Expenditures	7,113			
Interfunds		12,698		
2019 Prepaid Dog Licenses	1,082			
Due to the State of New Jersey	1,451			
Various Reserves and Deposits		2,393,647		
Employee Payroll Deductions			12,210	
Contributions				2,800
Total Receipts	<u>9,646</u>	<u>2,406,345</u>	<u>12,210</u>	<u>2,800</u>
	<u>37,046</u>	<u>5,373,833</u>	<u>208,494</u>	<u>477,700</u>
Decreased by Disbursements:				
Interfunds		7,950		
Due to the State of New Jersey	1,273			
Various Reserves and Deposits		3,107,203		
Unemployment Claims Paid			30,721	
Account Charges/Tax				1,804
Deprecation in Investment Value				16,443
LOSAP Distributions				14,781
Total Disbursements	<u>1,273</u>	<u>3,115,153</u>	<u>30,721</u>	<u>33,028</u>
Balance - December 31, 2018	<u>\$ 35,773</u>	<u>2,258,680</u>	<u>177,773</u>	<u>444,672</u>

BOROUGH OF ELMWOOD PARK

Schedule of Interfunds Receivable/(Payable)

Trust Funds

Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Other Trust Fund				
Current Fund	\$ <u>(4,823)</u>	<u>8,691</u>	<u>4,823</u>	<u>(8,691)</u>
Total Other Trust Fund	<u>(4,823)</u>	<u>8,691</u>	<u>4,823</u>	<u>(8,691)</u>
Animal License Trust Fund				
Current Fund	\$ <u> </u>	<u>8,349</u>	<u> </u>	<u>(8,349)</u>
Total Animal License Trust Fund	<u> </u>	<u>8,349</u>	<u> </u>	<u>(8,349)</u>
Escrow Trust Fund				
Current Fund	\$ <u>(1,059)</u>	<u>10,734</u>	<u>3,127</u>	<u>(8,666)</u>
Total Escrow Trust Fund	<u>(1,059)</u>	<u>10,734</u>	<u>3,127</u>	<u>(8,666)</u>
	<u>\$ (5,882)</u>	<u>27,774</u>	<u>7,950</u>	<u>(25,706)</u>
		Receipts	12,698	
		Disbursements	7,950	
		Statutory Excess	8,349	
		Reclassified from Reserve for Escrow Deposits	<u>6,727</u>	
		\$	<u>27,774</u>	<u>7,950</u>

Exhibit B-3

BOROUGH OF ELMWOOD PARK

Schedule of Prepaid Animal Licenses

Animal License Trust Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	1,794
Increased by:		
2019 License Fees Collected		<u>1,082</u>
		2,876
Decreased by:		
2018 License Fees Applied		<u>1,794</u>
Balance - December 31, 2018	\$	<u><u>1,082</u></u>

Exhibit B-4

Schedule of Amount Due to/(from) State of New Jersey

Animal License Trust Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	(156)
Increased by:		
State Fees Paid		<u>1,273</u>
		(1,429)
Decreased by:		
State Fees Collected		<u>1,451</u>
Balance - December 31, 2018	\$	<u><u>22</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$	25,762
Increased by:			
Dog License Fees	\$	5,123	
Cat License Fees		605	
Prepaid Fees Applied		1,794	
Miscellaneous Revenue:			
Other		615	
Late Fees - Dog		<u>770</u>	
			<u>8,907</u>
			34,669
Decreased by:			
Statutory Excess - Due Current Fund			<u>8,349</u>
Balance - December 31, 2018		\$	<u><u>26,320</u></u>

Animal License Fees Collected

	<u>Year</u>		
	2016	\$	18,086
	2017		<u>8,234</u>
Maximum Reserve \$			<u><u>26,320</u></u>

BOROUGH OF ELMWOOD PARK
Schedule of Reserve for Unemployment
Compensation Insurance Fund

Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017	\$ 196,284
Increased by:	
Employee Share from Payroll Agency	<u>12,210</u>
	208,494
Decreased by:	
Unemployment Claims	<u>30,721</u>
Balance - December 31, 2018	<u><u>\$ 177,773</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Various Reserves and Deposits

Trust Funds

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2018</u>
Escrow Deposits	\$ 31,890	256,043	88,718	199,215
Multiple Dwelling Emergency Deposits	43,357	22		43,379
Recreation	527,164	710,977	690,657	547,484
Payroll Salary and Wages Payable	7,471		7,471	
Parking Offenses Adjudication Act	20,353	2,402	5,922	16,833
Lien Redemptions	117,822	481,541	480,150	119,213
Tax Title Lien Premiums	361,177	468,300	412,900	416,577
Accrued Compensated Absences	1,230,331		711,842	518,489
Federal Equitable Sharing Program - Treasury	84,999	1,756	20,143	66,612
Federal Equitable Sharing Program - Justice	50,983			50,983
Fire Prevention - Dedicated Penalties	5,292	928		6,220
Fire Prevention	159,024	78,825	66,785	171,064
Drunk Driving	197			197
Band Shelter	31,305			31,305
Miscellaneous	1,000			1,000
Alcohol Rehab	14,232		9,650	4,582
Police Outside Detail	282,480	474,891	709,201	48,170
	<u>\$ 2,969,077</u>	<u>2,475,685</u>	<u>3,203,439</u>	<u>2,241,323</u>

Cash Receipts	\$ 2,393,647		
Cash Disbursements			3,107,203
Reclassification of Balance to Interfund			
Reallocation of Reserves	82,038	82,038	
Reclassification of Balance to Interfund			6,727
Re-Allocation of Balance to Separate Balance Sheet			7,471
		<u>2,475,685</u>	<u>3,203,439</u>

BOROUGH OF ELMWOOD PARK

Schedule of Service Award Contributions Receivable

Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$	93,184
Increased by:			
2018 Service Award Contributions			<u>3,500</u>
			96,684
Decreased by:			
Cash Received	\$	2,800	
Contribution Cancelled		<u>700</u>	
			<u>3,500</u>
Balance - December 31, 2018		\$	<u><u>93,184</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$	568,084
Increased by:			
Borough Contributions			<u>3,500</u>
			571,584
Decreased by:			
Account Charges/Tax	\$	1,804	
Depreciation in Fair Value of Investments		16,443	
Contributions Cancelled		700	
Distributions		<u>14,781</u>	
			<u>33,728</u>
Balance - December 31, 2018		\$	<u><u>537,856</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Cash

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	3,409,797
Increased by Receipts:			
Bond Anticipation Notes	\$	745,500	
Interfund		2,032	
Grants Received		235,189	
Contributions Received		123,537	
Capital Improvement Fund		<u>100,000</u>	
			<u>1,206,258</u>
			4,616,055
Decreased by Disbursements:			
Improvement Authorizations		800,230	
Contracts Payable		1,226,685	
Budget Revenue - Payment of Debt		325,075	
Interfund		<u>600</u>	
			<u>2,352,590</u>
Balance - December 31, 2018		\$	<u><u>2,263,465</u></u>

BOROUGH OF ELMWOOD PARK

Analysis of Cash

General Capital Fund

Year Ended December 31, 2018

Fund Balance	\$	779,277
Capital Improvement Fund		235,404
Due to Current Fund		1,396
Grants Receivable		(719,209)
Contributions Receivable		(123,538)
Environmental Infrastructure Loan Receivable		(17,514)
Reserve for Payment of Debt Service		204,523
Contracts Payable		1,760,685
Reserve for Grants Receivable		472,184

Improvement Authorizations:

Ordinance	<u>Number</u>	<u>Improvement Description</u>	
	2012-06	Various Public Improvements	41,365
	2013-04	Emergency Generator	107,355
	2013-16	Various Public Improvements	62,480
	2013-21	Streetscape Improvements	(119,177)
	2013-27	Handicapped Access	66,864
	2014-11	Supp. For Fleischers Brook and UST Closure	1,239
	2014-12	Sanitary Sewer Pump Station	161,158
	2014-13	2014 Road Resurfacing Program	345,529
	2014-22	Acquisition of Easement, Block 1408 Lot 1	2,047
	2014-25/2015-20	Improvement of the Boulevard, Sec. 8, 9, 10	65,055
	2015-09	Supplemental Handicapped Access Curb Ramps	33,538
	2015-14	2015 Road Resurfacing Program	55,790
	2015-17	Resurfacing of Iozia Terrace, Franklin & Court St.	(108,366)
	2015-18	Remounting of 2 Ambulances onto new Chasis	5,898
	2015-22	Restoration of Fleischers Brook	107,923
	2016-03	Rehabilitation of the Hockey Rink	30,210
	2016-11	Resurfacing of Franklin, Gall, North & Summit	60,080
	2016-12	2016 Road Resurfacing Program	167,032
	2016-14	Building Improvements & Acquisition of Equipment	52,194
	2016-18	Various Improvements to Cherry Hill Park	186
	2016-19	Self Contained Breathing Apparatus for Fire Dept.	2,319
	2017-13	Improvement of the Boulevard, Sec. 10, Phase 2	(102,659)
	2017-14	2017 Road Resurfacing Program	19,148
	2017-17	Various Public Improvements	13,517
	2017-20	UST Removal and Environmental Remediation	181,485
	2017-28	Sewer Jet Vacuum Machine	3,743
	2017-32	Various Improvements to Birchwood Park	455

BOROUGH OF ELMWOOD PARK

Analysis of Cash

General Capital Fund

Year Ended December 31, 2018

2017-33	New Pumper Fire Engine	21,225
2018-05/2018-23	Resurfacing of Franklin, Orchard & Lee Street	(234,108)
2018-09	Various Imps. To the Intersection of Market and Mola Blvd	(127,702)
2018-16	Replacement of Sewer Lines & Ejector Pumps	(183,962)
2018-17	Various Public Imps. & New Additional and/or Replacement Machin	(371,782)
2018-20	2018 Road Resurfacing Program	(1,076,000)
2018-21	Various Equipment & Machinery for the Fire Department	(58,822)
2018-27	Imps. To the Tennis Courts at the High School	<u>445,000</u>
		<u>\$ 2,263,465</u>

BOROUGH OF ELMWOOD PARK

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2018

	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Current Fund	\$ <u>36</u>	<u>600</u>	<u>2,032</u>	<u>(1,396)</u>
	<u>36</u>	<u>600</u>	<u>2,032</u>	<u>(1,396)</u>
			Cash Receipts \$ 2,032	
		<u>600</u>	<u>2,032</u>	
		<u>\$ 600</u>	<u>2,032</u>	

BOROUGH OF ELMWOOD PARK
Schedule of Deferred Charges to Future
Taxation - Funded
General Capital Fund
Year Ended December 31, 2018

Balance - December 31, 2017	\$	8,676,421
Decreased by:		
Current year Budget Appropriations:		
Loan Principal	\$	195,086
Serial Bond Principal		1,365,000
Loans Deobligated		<u>161,000</u>
		<u>1,721,086</u>
Balance - December 31, 2018	\$	<u><u>6,955,335</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Analysis of Balance				Unexpended Improvement Authorization
		Balance Dec. 31, 2017	2018 Authorizations	Decreased By	Balance Dec. 31, 2018	
		\$				
	General Improvements:					
12-06	Various Public Improvements	11,160			11,160	11,160
13-16	Various Public Improvements	780			780	780
13-21	Streetscape Improvements	123,400			123,400	119,177
14-12	Sanitary Sewer Pump Station	2,242,000			2,242,000	
14-13	2014 Road Resurfacing Program	345,529			345,529	
14-25	Improvement Boulevard Sec 8 & 9	19,687	45,313		65,000	
15-14	2015 Road Resurfacing Program	276,000			276,000	
15-17	Resurfacing Iozia Terrace, Franklin & Court St.	142,000			142,000	
15-20	Improvement to Boulevard Sec 8, 9 & 10	121,900			121,900	
15-22	Restoration of Fleischers Brook	129,000			129,000	
16-11	Resurfacing of Franklin, Gall, North and Summit	281,000		183,750	97,250	
16-12	2016 Road Resurfacing Program	457,000			457,000	
16-14	Building Improvements & Acq. Of Equipment	340,000			340,000	
16-19	Acq. Of Self Contained Breathing Apparatus for Fire Dept.	19,000			19,000	
17-13	Improvement of Blvd. Section 10 Phase 2	177,600			177,600	
17-14	2017 Road Resurfacing Program	455,200			455,200	
17-17	Various Improvements	320,000			320,000	
17-20	Underground Storage Tank Removal & Environmental Remediation	199,000			199,000	
17-28	Sewer Jet Vacuum Machine	229,500			229,500	
17-33	New Pumper Fire Engine	516,000			516,000	
2018-05	Resurfacing of Franklin, Orchard and Lee Streets		228,000		228,000	
2018-09	Various Imps. To the Intersection of Market St. and Mola Blvd.		165,000		165,000	
2018-16	Replacement of Sewer Lines and Ejector Pumps		276,000		276,000	
2018-17	Various Public Imps. & New Additional and/or Replacement Machinery		392,300		392,300	
						228,000
						127,702
						183,962
						371,782
						37,298
						92,038
						20,518

BOROUGH OF ELMWOOD PARK

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Analysis of Balance				Unexpended Improvement Authorization
		Balance Dec. 31, 2017	2018 Authorizations	Decreased By:	Balance Dec. 31, 2018	
2018-20	2018 Road Resurfacing Program	1,076,000	1,076,000		1,076,000	9,678
2018-21	Various Equipment & Machinery for Fire Dept.	68,500	68,500		58,822	105,792
2018-23	Additional Appropriation: 2018-05	111,900	111,900		6,108	
		<u>\$ 6,405,756</u>	<u>2,363,013</u>	<u>183,750</u>	<u>8,585,019</u>	<u>368,941</u>

2018 Authorizations 2,317,700
 Correction of Prior Year Paydown recorded in error 45,313
\$ 2,363,013

Grant Proceeds Applied 183,750

Bond Anticipation Notes 5,833,500
 Less: Excess Note Proceeds, Ord. 2014-25 (45,313)
5,788,187

Improvement Authorizations - Unfunded \$ 1,565,059

Less: Unexpended proceeds of Bond Anticipation Notes

Ordinance:	Unexpended Proceeds
2014-12	161,158
2014-13	345,529
2014-25/2015-20	65,055
2015-14	55,790
2015-22	107,923
2016-12	167,032
2016-14	52,194
2016-19	2,319
2017-14	19,148
2017-17	13,517
2017-20	181,485
2017-28	3,743
2017-33	21,225

1,196,118

\$ 368,941

Exhibit C-7

BOROUGH OF ELMWOOD PARK

Schedule of Grants Receivable - State Department of Transportation

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	187,060
Decreased by:		
Cancelled		<u>31,560</u>
Balance - December 31, 2018	\$	<u>155,500</u>
		<u>Analysis</u>
Ord. 13-2017	\$	<u>155,500</u>

Exhibit C-8

Schedule of Grants Receivable - Community Development Block Grant

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	378,571
Increased by:		
Grants Awards		<u>124,351</u>
		502,922
Decreased by:		
Cancelled	\$	44,336
Cash Receipts		<u>184,235</u>
		<u>228,571</u>
Balance - December 31, 2018	\$	<u>274,351</u>
		<u>Analysis</u>
Ord. 17-2015		150,000
Ord. 05-2018		<u>124,351</u>
	\$	<u>274,351</u>

Exhibit C-9

BOROUGH OF ELMWOOD PARK

Schedule of Grants Receivable - Bergen County Open Space Grant

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	142,387
Increased by:		
Grant Awards		<u>197,925</u>
		340,312
Decreased by:		
Cash Receipts		<u>50,954</u>
Balance - December 31, 2018	\$	<u><u>289,358</u></u>

Analysis

Ord. 27-2013	38,967
Ord. 03-2016	3,366
Ord. 32-2017	49,100
Ord. 27-2018	<u>197,925</u>
	\$ <u><u>289,358</u></u>

Exhibit C-10

Schedule of Environmental Infrastructure Loan Receivable

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	<u>17,514</u>
Balance - December 31, 2018	\$	<u><u>17,514</u></u>

Exhibit C-11

BOROUGH OF ELMWOOD PARK

**Schedule of Contributions Receivable - Due from Elmwood
Park Board of Education - Ord. 27-2018**

General Capital Fund

Year Ended December 31, 2018

Increased by:	
Contribution Pledged	\$ <u>123,538</u>
Balance - December 31, 2018	\$ <u><u>123,538</u></u>

Exhibit C-12

**Schedule of Contributions Receivable - Recreation Trust Fund
Ordinance 27-2018**

General Capital Fund

Year Ended December 31, 2018

Increased by:	
Contribution Pledged	\$ <u>123,537</u>
Decreased by:	
Cash Receipts	\$ <u><u>123,537</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
Taxable Pension Refunding Bonds	3/15/2003	1,465,000	03/15/18		4.850%	180,000	180,000	
General Improvements	6/15/2006	5,385,000	02/15/18		4.000%	810,000	810,000	
General Improvements	8/1/2013	6,830,000	08/01/19	700,000	2.00-3.009%	5,345,000	375,000	4,970,000
			08/01/20	700,000				
			08/01/21	705,000				
			08/01/22	710,000				
			08/01/23	715,000				
			08/01/24	720,000				
			08/01/25	720,000				
						\$ 6,335,000	1,365,000	4,970,000
						Budget Appropriations	1,365,000	
						\$	1,365,000	

BOROUGH OF ELMWOOD PARK
Schedule of Bond Anticipation Notes Payable
General Capital Fund
Year ended December 31, 2018

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Balance Dec.31 2017	Increased	Decreased	Balance, Dec.31, 2018
12-2014	Rehab of Sanitary Sewer Pump Station	Aug. 18, 2016	Aug. 17, 2018	Aug. 16, 2019	1.75%	2,242,000	2,242,000		2,242,000
13-2014	2014 Road Resurfacing Program	Aug. 18, 2016	Aug. 17, 2018	Aug. 16, 2019	1.75%	345,529	345,529		345,529
25-2014	Improvement of Boulevard Sec 8 & 9	Aug. 18, 2016	Aug. 17, 2018	Aug. 16, 2019	1.75%	65,000	65,000		65,000
14-2015	2015 Road Resurfacing Program	Aug. 18, 2016	Aug. 17, 2018	Aug. 16, 2019	1.75%	276,000	276,000		276,000
20-2015	Improvement of Boulevard Sec 8, 9 & 10	Aug. 18, 2016	Aug. 17, 2018	Aug. 16, 2019	1.75%	121,900	121,900		121,900
22-2015	Restoration of Fleischer's Book	Aug. 18, 2016	Aug. 17, 2018	Aug. 16, 2019	1.75%	129,000	129,000		129,000
11-2016	Resurfacing of Franklin, Gall, North & Summit	Aug. 18, 2016	Aug. 17, 2018	Aug. 16, 2019	1.75%	97,250	97,250		97,250
12-2016	2016 Road Resurfacing Program	Aug. 18, 2016	Aug. 17, 2018	Aug. 16, 2019	1.75%	457,000	457,000		457,000
14-2016	Building Improvements & Acquisition of Equipment	Aug. 17, 2017	Aug. 17, 2018	Aug. 16, 2019	1.75%	340,000	340,000		340,000
19-2016	Acquisition of SCBA for Fire Department	Aug. 17, 2017	Aug. 17, 2018	Aug. 16, 2019	1.75%	19,000	19,000		19,000
13-2017	Improvement of Boulevard Sec 10 Phase 2	Aug. 17, 2017	Aug. 17, 2018	Aug. 16, 2019	1.75%	21,121	21,121		21,121
14-2017	2017 Road Program	Aug. 17, 2017	Aug. 17, 2018	Aug. 16, 2019	1.75%	455,200	455,200		455,200
17-2017	Acquisition of Vehicles and Equipment	Aug. 17, 2017	Aug. 17, 2018	Aug. 16, 2019	1.75%	320,000	320,000		320,000
20-2017	Removal of Underground Storage Tank and Remediation	Aug. 17, 2017	Aug. 17, 2018	Aug. 16, 2019	1.75%	199,000	199,000		199,000
28-2017	Sewer Jet Vacuum Machine	Aug. 17, 2018	Aug. 17, 2018	Aug. 16, 2019	1.75%	229,500	229,500		229,500
33-2017	New Pumper Fire Engine	Aug. 17, 2018	Aug. 17, 2018	Aug. 16, 2019	1.75%	516,000	516,000		516,000
						\$ 5,088,000	5,833,500	5,088,000	\$ 5,833,500
						Cash \$ 745,500			
						Renewed 5,088,000	5,088,000	5,088,000	
						\$ 5,833,500	5,088,000	5,088,000	

BOROUGH OF ELMWOOD PARK

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Adoption Date	Ordinance Amount	Balance Dec. 31, 2017		2018 Authorizations	Balance Dec. 31, 2018	
				Funded	Unfunded		Funded	Unfunded
General Improvements:								
06-2012	Various Public Improvements		999,000	41,365	11,160		41,365	11,160
04-2013	Emergency Generator		450,000	276,097			107,355	
16-2013	Various Public Improvements		873,906	62,480	780		62,480	780
21-2013	Streetscape Improvements		687,000		49,628			4,223
27-2013	Handicapped Access		250,000	66,864			66,864	
11-2014	Supp. for Fleischers Brook and Underground Storage Tank Closure		209,000	1,239			1,239	
12-2014	Sanitary Sewer Pump Station		2,355,000		159,843			161,158
13-2014	2014 Road Resurfacing Program		599,000		345,529			345,529
22-2014	Acquisition of Easement Block 1408/Lot 1		22,500	2,047			2,047	
25-2014/20-2015	Improvement Boulevard Sec 8 & 9		353,000	45,828	19,687		33,538	65,055
09-2015	Supplemental Handicapped Access Curb Ramps		96,200	33,538				
14-2015	2015 Road Resurfacing Program		510,000		55,780			55,790
17-2015	Resurfacing Iozia Terrace, Franklin & Court St. ^d		150,000		33,634			33,634
18-2015	Remounting of Two Ambulances onto New Chassis		220,000	5,898			5,898	
22-2015	Restoration of Fleischers Brook		135,500	30,210	102,481			107,923
03-2016	Rehabilitation of the Hockey Rink		133,640					
11-2016	Resurfacing of Franklin, Gail, North & Summit		295,100		59,780		30,210	
12-2016	2016 Road Resurfacing Program		480,000		167,032		60,080	
14-2016	Building Improvements & Acquisition of Equipment		357,500		52,194			52,194
18-2016	Various Improvements to Cherry Hill Park		125,000	186			186	
19-2016	Acq. Of Self Contained Breathing Apparatus for Fire Dept.		375,498		2,319			2,319
13-2017	Improvement of Blvd Sec 10 Phase 2		186,500	8,900	177,600		132,680	53,820
14-2017	2017 Road Resurfacing Program		478,000	24,390	24,390		5,242	19,148
17-2017	Various Improvements		336,200		19,922		6,405	13,517
20-2017	Underground Storage Tank Removal & Environmental Remediation		209,000		197,691		16,206	181,485
28-2017	Sewer Jet Vacuum Machine		241,000		3,743			3,743
32-2017	Various Improvements to Birchwood Park		175,000	18,475			455	
33-2017	New Pumper Fire Engine		542,500		26,471			21,225
05-2018/23-2018	Resurfacing of Franklin, Orchard & Lee Street	Apr. 19, 2018/Oct. 18, 2018	357,500			357,500		105,792

BOROUGH OF ELMWOOD PARK

Schedule of Reserve for Payment of Debt Service

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	432,846
Increased by:			
Reserve for Grants Receivable	\$	51,439	
Reverse proceeds applied in error in Prior Year		<u>45,313</u>	
			<u>96,752</u>
			529,598
Decreased by:			
Budgeted Revenue			<u>325,075</u>
Balance - December 31, 2018		\$	<u><u>204,523</u></u>

BOROUGH OF ELMWOOD PARK
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2018

Balance - December 31, 2017	\$ 252,604
Increased by:	
Budget Appropriation	<u>100,000</u>
	352,604
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>117,200</u>
Balance - December 31, 2018	<u><u>\$ 235,404</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of NJ Infrastructure Loan Payable

General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
Sewer Main Extension De-icing Material Storage Bldg.	November 8, 2007	1,885,000	08/01/19	94,000	4.00%	1,295,000	251,000	1,044,000
			08/01/20	100,000	4.00%			
			08/01/21	105,000	5.00%			
			08/01/22	109,000	5.00%			
			08/01/23	114,000	4.25%			
			08/01/24	123,000	4.50%			
			08/01/25	128,000	4.50%			
			08/01/26	133,000	4.50%			
			08/01/27	138,000	4.25%			
						\$ 1,295,000	251,000	1,044,000

Budget Appropriations \$ 90,000
Deobligated 161,000
\$ 251,000

BOROUGH OF ELMWOOD PARK

Schedule of NJ Infrastructure Loan Payable

General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
Sewer Main Extension De-icing Material Storage Bldg.	November 8, 2007	2,042,471	08/01/19	104,925	0.00%	1,046,421	105,086	941,335
			08/01/20	105,311				
			08/01/21	105,569				
			08/01/22	104,925				
			08/01/23	104,120				
			08/01/24	107,001				
			08/01/25	106,164				
			08/01/26	105,182				
08/01/27	98,138							
						\$ 1,046,421	105,086	941,335
						Budget Appropriations \$ 105,086		

BOROUGH OF ELMWOOD PARK

Schedule of Contracts Payable

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$ 1,226,685
Increased by:	
Charges to Improvement Authorizations	<u>1,760,685</u>
	2,987,370
Decreased by:	
Cash Disbursements	<u>1,226,685</u>
Balance - December 31, 2018	\$ <u><u>1,760,685</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Reserve for Grants Receivable

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	658,918
Increased by:			
Grant Awards			<u>124,351</u>
			783,269
Decreased by:			
Grant Received - Applied to Authorized	\$		
not Issued		183,750	
Transferred to Reserve for Payment of Debt		51,439	
Cancelled		<u>75,896</u>	
			<u>311,085</u>
Balance - December 31, 2018		\$	<u><u>472,184</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Decreased	Balance Dec. 31, 2018
2012-06	Various Public Improvements	\$ 11,160			11,160
2013-16	Various Public Improvements	780			780
2013-21	Streetscape Improvements	123,400			123,400
2015-17	Resurfacing Iozia Terrace, Franklin and Court St	142,000			142,000
2016-11	Resurfacing of Franklin, Gall, North and Summit	183,750		183,750	
2017-13	Improvement of Blvd Section 10 Phase 2	156,479			156,479
2017-28	Sewer Jet Vacuum Machine	229,500		229,500	
2017-33	New Pumper Fire Engine	516,000		516,000	
2018-05	Resurfacing of Franklin, Orchard and Lee Streets		228,000		228,000
2018-09	Various Imps. To the Intersection of Market Street and Mola Boulevard		165,000		165,000
2018-16	Replacement of Sewer Lines & Ejector Pumps		276,000		276,000
2018-17	Various Public Imps. & New Additional and/or Replacement Machinery		392,300		392,300
2018-20	2018 Road Resurfacing Program		1,076,000		1,076,000
2018-21	Various Equipment & Machinery for Fire Department		68,500		68,500
2018-23	Additional Appropriation: 2018-05		111,900		111,900
		<u>\$ 1,363,069</u>	<u>2,317,700</u>	<u>929,250</u>	<u>2,751,519</u>
			Bond Anticipation Notes Issued \$	745,500	
			Grant Proceeds Received	183,750	
				<u>\$ 929,250</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ELMWOOD PARK

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2018

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2017	\$ <u>4,537,237</u>	<u>3,069,009</u>
Increased by Receipts:		
Water Collector	3,796,622	
Interest on Investments	90,961	2,466
Other Miscellaneous	600	
Interfunds	2,093	
Capital Improvement Fund		<u>300,000</u>
	<u>3,890,276</u>	<u>302,466</u>
	8,427,513	3,371,475
Decreased by Disbursements:		
2018 Appropriations	2,353,475	
2017 Appropriation Reserves	156,112	
Interfunds		2,093
Accrued Interest on Notes	58,506	
Current Fund Revenue	365,000	
Contracts Payable		2,434,570
Improvement Authorizations		<u>76,148</u>
	<u>2,933,093</u>	<u>2,512,811</u>
Balance - December 31, 2018	\$ <u><u>5,494,420</u></u>	<u><u>858,664</u></u>

BOROUGH OF ELMWOOD PARK

Analysis of Cash

Water Utility Capital Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2018</u>	
Fund Balance	\$ 125,078	
Down Payments on Improvements	9,000	
Reserve for Payment of Debt Service	335,000	
Capital Improvement Fund	718,000	
Interfunds Accounts Payable	529	
Contracts Payable	109,979	
Improvement authorizations:		
<u>Ordinance</u>		
<u>number</u>	<u>General improvements</u>	
2005-30	Water Main Replacement	(15,027)
2005-39	Water Meters	77,513
2006-07	Water Improvements	(2,030)
2006-29	Water Improvements	(297,197)
2011-17	Various Water Main Improvements	(293,252)
2018-14	Replacement of Water Lines	<u>91,071</u>
		<u>\$ 858,664</u>

BOROUGH OF ELMWOOD PARK

Schedule of Interfunds

Water Utility Operating Fund

Year ended December 31, 2018

	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Water Utility Capital Fund	\$ <u>156</u>	<u>2,466</u>	<u>2,093</u>	<u>529</u>
	\$ <u>156</u>	<u>2,466</u>	<u>2,093</u>	<u>529</u>
Interest earned on Investments		\$ 2,466		
Cash Receipts			<u>2,093</u>	
		<u>\$ 2,466</u>	<u>2,093</u>	

Exhibit D-8

BOROUGH OF ELMWOOD PARK
Schedule of Consumers' Accounts Receivable -
Operating Fund

Water Utility Operating Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ 768,454
Increased by:	
Water Rents Levied	<u>3,110,013</u>
	3,878,467
Decreased by:	
Cash receipts	<u>3,796,622</u>
Balance - December 31, 2018	<u>\$ 81,845</u>

Exhibit D-9

Inventory - Material and Supplies

Water Utility Operating Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>500</u>
Balance - December 31, 2018	<u>\$ 500</u>

BOROUGH OF ELMWOOD PARK

Schedule of Loans Receivable - NJ Environmental Infrastructure Trust

Water Utility Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>41,974</u>
Decreased by:	
Deobligated	\$ <u><u>41,974</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended December 31, 2018

<u>Account</u>	Balance, Dec. 31, <u>2017</u>	Balance, Dec. 31, <u>2018</u>
Distribution Mains and Appurtenances	\$ 2,006,452	2,006,452
Emergency Booster Pumping Station	32,569	32,569
Labor	6,861	6,861
Miscellaneous Construction Expense	2,449	2,449
Engineering and Supervision	19,095	19,095
Interest	21,571	21,571
Legal	1,301	1,301
Hydrants	16,267	16,267
Truck - Water Utility Share	1,268	1,268
Meters & 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
Improvements of Water Infrastructure	4,640,331	4,640,331
Various System Improvements and Computer Mapping	755,104	755,104
Replacement of Water Meters	789,070	789,070
	<u>\$ 8,652,408</u>	<u>8,652,408</u>

BOROUGH OF ELMWOOD PARK

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year ended December 31, 2018

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance</u>		<u>Balance, Dec. 31, 2017</u>	<u>2018 Authorizations</u>	<u>Balance, Dec. 31, 2018</u>
		<u>Date</u>	<u>Amount</u>			
2005-39	Water Meters	12/29/05	140,000	140,000		140,000
2006-07	Water Improvements	02/16/06	76,000	80,000		80,000
2011-17	Various Water Main Projects	10/20/12	340,000	340,000		340,000
2017-35	Water Tank Replacement	12/21/17	2,330,000	2,330,000		2,330,000
2018-14	Water Tank Replacement	07/19/18	210,000		210,000	210,000
2018-15	Replacement of Water Lines	07/19/18	270,000		270,000	270,000
				<u>\$ 2,890,000</u>	<u>480,000</u>	<u>3,370,000</u>

BOROUGH OF ELMWOOD PARK
Schedule of 2017 Appropriation Reserves
Water Utility Operating Fund
Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 176,866	176,866		176,866
Other Expenses	<u>133,343</u>	<u>283,968</u>	<u>156,112</u>	<u>127,856</u>
Total Operating	<u>310,209</u>	<u>460,834</u>	<u>156,112</u>	<u>304,722</u>
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures - Contribution to: Social Security System (O.A.S.I.)	<u>35,480</u>	<u>35,480</u>		<u>35,480</u>
Total Deferred Charges and Statutory Expenditures	<u>35,480</u>	<u>35,480</u>		<u>35,480</u>
Total Operating	<u>\$ 345,689</u>	<u>496,314</u>	<u>156,112</u>	<u>340,202</u>
Appropriation Reserves	\$ 345,689			
Encumbrances		<u>150,625</u>		
		<u>\$ 496,314</u>		

BOROUGH OF ELMWOOD PARK

Schedule of Accrued Interest on Bonds and Loans

Water Utility Operating Fund

Year ended December 31, 2018

Balance, December 31, 2017		\$	24,377
Increased by:			
Budget Appropriation			<u>58,506</u>
			82,883
Decreased by:			
Payments	\$	58,506	
Liability Canceled		<u>2,166</u>	
			<u>60,672</u>
Balance, December 31, 2018		\$	<u><u>22,211</u></u>

Analysis of Balance

Principal Outstanding Dec. 31, 2018	<u>From</u>	<u>To</u>	Interest <u>Rate</u>	Required <u>Amount</u>
\$ 1,166,484	8/1/2018	12/31/2018	4.00-5.00%	<u>22,211</u>
				\$ <u><u>22,211</u></u>

Exhibit D-15

BOROUGH OF ELMWOOD PARK

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017		\$	6,052,330
Increased by:			
Paid by Operating Budget			
NJ EIT Loan Payable	\$	251,502	
NJ EIT Loan Deobligated		<u>41,683</u>	
			<u>293,185</u>
Balance, December 31, 2018		\$	<u><u>6,345,515</u></u>

Exhibit D-16

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year ended December 31, 2018

Balance- December 31, 2017		\$	418,000
Increased by:			
2018 Budget Appropriation			<u>300,000</u>
Balance- December 31, 2018		\$	<u><u>718,000</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended December 31, 2018

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2017		2018 Authorizations	Expended	Balance, Dec. 31, 2018	
				Funded	Unfunded			Funded	Unfunded
05-39	Water Meters	12/29/2005	140,000	77,513				77,513	
06-07	Water Improvements	2/16/2006	80,000						73,970
11-17	Various Water Main Improvements	10/20/2012	340,000				67,198		46,748
2017-35/2018-14	Water Tank Replacement	12/21/2017	2,330,000			210,000			
		7/19/2018	210,000			270,000			
2018-14	Replacement of Water Lines	7/19/2018	270,000						270,000
				\$ 77,513	187,916	480,000	186,127	168,584	390,718

Authorized Not Issued \$ 270,000
 Capital Improvement Fund 210,000

\$ 480,000

Cash Disbursement \$ 76,148
 Contracts Payable 109,979

\$ 186,127

BOROUGH OF ELMWOOD PARK
Schedule of Reserve for Payment of Debt
Water Utility Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$	<u>335,000</u>
Balance - December 31, 2018	\$	<u><u>335,000</u></u>
<u>Analysis of Balance</u>		
Ord. 2005-12		205,269
Ord. 2006-29		<u>129,731</u>
	\$	<u><u>335,000</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Environmental Infrastructure Trust Fund Loans Payable

Water Utility Capital Fund

Year ended December 31, 2018

<u>Purpose</u>	<u>Date of issue of original notes</u>	<u>Original issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Balance Dec.31 2017</u>	<u>Decreased</u>	<u>Balance, Dec.31, 2018</u>
Water System Improvements	11/9/2006	4,523,513	2/1/2019	17,199	4.00-5.00%	2,329,828	335,159	1,994,669
			8/1/2019	232,922				
			2/1/2020	15,457				
			8/1/2020	239,165				
			2/1/2021	13,650				
			8/1/2021	245,369				
			2/1/2022	11,720				
			8/1/2022	251,277				
			2/1/2023	9,724				
			8/1/2023	265,016				
			2/1/2024	7,530				
			8/1/2024	249,435				
			2/1/2025	4,868				
			8/1/2025	261,090				
			2/1/2026	170,247				
			8/1/2026					
						<u>\$ 2,329,828</u>	<u>335,159</u>	<u>1,994,669</u>
						Budget Appropriations	251,502	
						Deobligated	83,657	
							<u>\$ 335,159</u>	

BOROUGH OF ELMWOOD PARK

Schedule of Down Payments on Improvements

Water Utility Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>9,000</u>
Balance - December 31, 2018	\$ <u><u>9,000</u></u>

BOROUGH OF ELMWOOD PARK
Schedule of Deferred Reserve for Amortization
Water Utility Capital Fund
Year ended December 31, 2018

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2017</u>	<u>Fixed Capital Authorized</u>	<u>Balance, Dec. 31, 2018</u>
05-39	Water Meters	12/29/2005	\$ 140,000		140,000
06-07	Water Improvements	2/16/2006	4,000		4,000
17-35	Water Tank Replacement	12/21/2017	2,330,000	210,000	2,540,000
			<u>\$ 2,474,000</u>	<u>210,000</u>	<u>2,684,000</u>

Exhibit D-22

BOROUGH OF ELMWOOD PARK

Schedule of Encumbrances Payable

Water Utility Operating Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>150,625</u>
Increased by:	
Transferred from 2018 Budget	<u>13,721</u>
	164,346
Decreased by:	
Transferred to Appropriation Reserves	<u>150,625</u>
Balance - December 31, 2018	\$ <u><u>13,721</u></u>

Exhibit D-23

Schedule of Contracts Payable

Water Utility Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>2,434,570</u>
Increased by:	
Charges to Improvement Authorizations	<u>109,979</u>
	2,544,549
Decreased by:	
Cash Disbursements	<u>2,434,570</u>
Balance - December 31, 2018	\$ <u><u>109,979</u></u>

BOROUGH OF ELMWOOD PARK

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Balance Dec. 31, 2018</u>
05-30	Water Main Replacement	15,027		15,027
06-07	Water Improvements	76,000		76,000
06-29	Water Improvements	255,223	41,974	297,197
2011-17	Various Water Main Replacement	340,000		340,000
2018-15	Replacement of Water Lines	<u> </u>	<u>270,000</u>	<u>270,000</u>
		<u>\$ 686,250</u>	<u>311,974</u>	<u>998,224</u>
			2018 Authorizations	270,000
			NJ EIT Loan Receivable - Deobligated	<u>41,974</u>
			<u>\$</u>	<u><u>311,974</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF ELMWOOD PARK

PART II

**LETTER ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

THIS PAGE INTENTIONALLY LEFT BLANK

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Elmwood Park in the County of Bergen as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated July 22, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Length of Service Awards Program not being audited.

Internal Control Over Financial Reporting

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



Honorable Mayor and
Members of the Borough Council
Page 2.

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

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


Compliance and Other Matters


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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Elmwood Park in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of 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 controls and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413


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

July 22, 2019



BOROUGH OF ELMWOOD PARK

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

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

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF ELMWOOD PARK
GENERAL COMMENTS, CONTINUED

Effective July 1, 2010, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. On May 7, 2009, the Borough increased the bid threshold to \$36,000 as allowed by law for having a qualified purchasing agent. On July 1, 2015, the threshold with a qualified purchasing agent was increased to \$40,000.

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

Vegetative Waste Recycling	Three (3) New Grinders
Mola Blvd. Section 10, Phase 2	2018 Road Improvement Program
Emergency Generator at Recreation Center	Improvements to Orchard St., Franklin St.,
Repair of Spray Park at Borough Field	and Lee St.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body did not adopt the following amended resolution authorizing interest to be charged on delinquent taxes:

BOROUGH OF ELMWOOD PARK
GENERAL COMMENTS, CONTINUED

“NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Elmwood Park, that taxes due to the Borough shall be payable February 1st, May 1st, August 1st, and November 1st each year, after which dates, if unpaid, shall become delinquent and from and after the respective dates herein before provided for taxes to become delinquent, the tax payer or property assessed shall be subject to interest at 8% per annum on the first \$1,500 and 18% thereafter and a 6% additional penalty for a delinquency over \$10,000 if not paid by the end of the calendar year. Delinquent water bills over \$100 shall be subject to interest at 1% per month thirty days after the due date.

ALSO, BE IT RESOLVED, that in the event said taxes shall be paid within ten days from the due date the interest shall be waived except in the office of the Tax Collector is closed on the tenth day of February, May, August or November then the grace period shall be extended to include the first business day thereafter; and,

BE IT FURTHER RESOLVED that the interest rates so stated will revert back to the due date of any installment of taxes or assessments received after the expiration of the ten-day grace period or as otherwise provided in the Resolution.”

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on March 27, 2018, and was complete.

Inspection of the sale certificates on file revealed that all tax sale certificates 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>
2018	6
2017	6
2016	6

THIS PAGE INTENTIONALLY LEFT BLANK

**BOROUGH OF ELMWOOD PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018**

COMMENTS

Finance/Treasurer/Accounts Payable:

1. *Goods and services are being ordered prior to the issuance of a purchase order.
2. The Borough is utilizing a banking institution that is not included on the list of designated depositories as approved at the Reorganization meeting of the Mayor and Council.
3. *Competitive quotes were not obtained for some purchases in excess of the quote threshold.
4. Not all Trust Fund/Reserves are approved by Dedication by Rider through the New Jersey Division of Local Government Services.
5. Reserve balances in the Other Trust Fund for Tax Title Line Premiums and Redemptions are not in agreement with supporting documentation.
6. The annual Equitable Sharing and Certification report filed with the Federal Departments of Justice and Treasury is not in agreement with the financial records of the Borough.
7. The prior year audit balance in municipal liens receivable is not in agreement with tax collector records.

Administration/Clerk

1. Not all professional service contracts were awarded via resolution or in compliance with the state's "Pay to Play" statute (P.L. 2005, c. 51)
2. Not all required bid documents were obtained for vegetative waste recycling services.
3. A Resolution establishing the rate of interest on delinquent taxes was not presented or approved by Mayor and Council for 2018 in accordance with N.J.S.A. 54:4-67.
4. Not all minutes were subsequently presented to the Mayor and Council for approval.

Municipal Court

1. A review of the December monthly management report indicated there is a significant amount of tickets assigned but not issued over 180 days.
2. The analysis of open bail per the ATS/ACS reports does not agree with the reconciled cash in the Bail Account.

**BOROUGH OF ELMWOOD PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018**

RECOMMENDATIONS

Finance/Treasurer/Accounts Payable:

1. *Purchase orders are issued at the time the order is placed for goods and services.
2. *All banking institutions utilized by the Borough be approved by the Mayor and Council via resolution.
3. *Competitive quotes be obtained for purchases in excess of the quote threshold as required.
4. Dedication by Rider approvals be obtained for those Trust Funds for which one was never submitted to the Division of Local Government Services.
5. Adjustments be made to bring the reserve balances for Tax Title Lien Premiums and Redemptions in agreement with tax collector reports.
6. Further investigation and adjustments be made to determine accurate balances to be reported on the annual Equitable Sharing and Certification Report.
7. The balance in municipal liens receivable be investigated to determine the correct receivable balance and adjustments made if necessary.

Administration/Clerk

1. All professional service contracts be awarded via resolution and in accordance with the state's "Pay to Play" statute.
 - a. Awarding resolutions contain the line item appropriation to be charged and not to exceed cost language be implemented.
 - b. Justification and rationale for the award of a contract be documented and provided for auditor review.
 - c. Awarding resolutions stipulate the anticipated value of the contract and contain not to exceed language.
2. All required bid documents be included in bid specification packages.
 - a. Bid Bond
 - b. Consent of Surety
3. A resolution establishing the rate of interest to be charged on delinquent taxes be approved by the Mayor and Council each year as required.
4. Minutes of Mayor and Council meetings be prepared and submitted for approval of the governing body at subsequent meetings.

**BOROUGH OF ELMWOOD PARK
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018**

RECOMMENDATIONS, (CONTINUED)

Municipal Court

1. Tickets assigned but not issued over 180 days be recalled and either re-assigned or destroyed.
2. Discrepancies between the reconciled bail and that on the analysis of open bail per ATS/ACS be investigated and corrections and /or adjustments be made to ensure the balances are in agreement.

BOROUGH OF ELMWOOD PARK

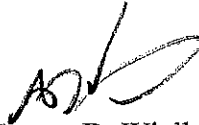
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all except for the Findings/Recommendations marked with an "*".

ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkottz
Registered Municipal Accountant
No. CR00413



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

July 22, 2019