

BOROUGH OF CRESSKILL
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2018

BOROUGH OF CRESSKILL

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BOROUGH OF CRESSKILL
BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2018



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Cresskill
Cresskill, 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 Cresskill, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Cresskill on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 16 percent and 15 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018 and 2017.

In addition, the notes to the Borough of Cresskill’s financial statements do not disclose the other post-employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents under a special funding situation as required by Government Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the omission of the note disclosure regarding the other postemployment health benefit obligations as well as the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Cresskill as of December 31, 2018 and 2017, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2018 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 21, 2019 on our consideration of the Borough of Cresskill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Cresskill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Cresskill's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
May 21, 2019

BOROUGH OF CRESSKILL
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	A-4	\$ 11,366,911	\$ 16,914,974
Change Fund	A-5	150	150
Grant Receivable	A-7	<u>10,961</u>	<u>6,704</u>
		<u>11,378,022</u>	<u>16,921,828</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-9	783,516	723,270
Tax Title Liens	A-10	97,927	90,605
Property Acquired for Taxes - Assessed Valuation	A-11	38,600	38,600
Revenue Accounts Receivable	A-12	13,531	23,981
Due from General Capital Fund	C-12	962	1,239
Due from Animal Control Fund	B-11	7	8
Due from Assessment Trust Fund	B-8	2	2
Due from Unemployment Trust Fund	B-14	10	8
Due from Other Trust Fund	B-16	<u>1,312</u>	<u>12,221</u>
		<u>935,867</u>	<u>889,934</u>
Total Assets		<u>\$ 12,313,889</u>	<u>\$ 17,811,762</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-13	\$ 945,801	\$ 1,023,589
Encumbrances Payable	A-14	278,886	228,321
Accounts Payable	A-15	6,614	1,614
Other Fees Payable	A-16	3,667	4,508
Miscellaneous Reserves	A-22	412,662	288,744
Appropriated Reserves	A-23	118,295	97,906
Unappropriated Reserves	A-26	-	11,311
Due to State of NJ - Senior & Veterans	A-8	8,479	8,229
Prepaid Taxes	A-17	446,158	6,669,826
Tax Overpayments	A-18	33,741	38,003
Local District School Taxes Payable	A-21	5,933,383	5,537,907
County Taxes Payable	A-20	10,738	
Reserve for Tax Appeals Pending	A-24	<u>526,144</u>	<u>434,910</u>
		8,724,568	14,344,868
Reserve for Receivables and Other Assets	A	935,867	889,934
Fund Balance	A-1	<u>2,653,454</u>	<u>2,576,960</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 12,313,889</u>	<u>\$ 17,811,762</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF CRESSKILL
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,950,000	\$ 1,850,000
Miscellaneous Revenue Anticipated	A-2	2,211,797	2,182,248
Receipts from Delinquent Taxes	A-2	723,861	696,670
Receipts from Current Taxes	A-2	49,613,385	48,070,732
Non-Budget Revenue	A-2	349,461	304,904
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	594,323	452,127
Prior Year Interfunds Returned	A	13,478	1,212
Cancellation of Appropriated Reserves	A-23	125	1,078
Cancellation of Accounts Payable	A-1	-	3,200
Cancellation of Tax Overpayments	A-18	10	-
		<u>55,456,440</u>	<u>53,562,171</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	8,628,100	8,382,400
Other Expenses	A-3	6,614,531	6,344,803
Capital Improvements	A-3	100,000	175,000
Municipal Debt Service	A-3	1,489,526	1,386,822
Deferred Charges and Statutory Expenditures	A-3	1,787,366	1,657,888
County Taxes	A-19	5,155,238	5,322,069
Due County for Added Taxes	A-20	231,302	252,430
Municipal Open Space Tax	B-23	211,249	180,210
Local District School Taxes	A-21	29,200,584	27,850,539
Refund Prior Year Revenue	A-4	9,166	3,068
Prior Year Senior Citizen's Deductions Disallowed	A-8	591	250
Cancellation of Grants Receivable	A-1	-	3,933
Current Year Interfunds Established	A	2,293	13,478
		<u>53,429,946</u>	<u>51,572,890</u>
Excess in Revenue		2,026,494	1,989,281
Fund Balance, January 1	A,A-1	<u>2,576,960</u>	<u>2,437,679</u>
		4,603,454	4,426,960
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>1,950,000</u>	<u>1,850,000</u>
Fund Balance, December 31	A	<u>\$ 2,653,454</u>	<u>\$ 2,576,960</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CRESSKILL
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Reference	Budget	Added by: N.J.S.40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 1,950,000	-	\$ 1,950,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	8,900		9,198	\$ 298
Other	A-2	14,000		15,442	1,442
Fees and Permits					
Other	A-2	120,000		146,171	26,171
Fines and Costs - Municipal Court	A-12	40,000		34,854	(5,146)
Interest and Costs on Taxes	A-12	100,000		121,686	21,686
Interest on Investments and Deposits	A-2	30,000		182,277	152,277
Energy Receipts Tax	A-12	818,122		818,122	-
Uniform Construction Code Fees	A-12	270,000		340,372	70,372
Recycling Tonnage Grant - Unappropriated	A-26	11,311		11,311	-
Municipal Alliance on Alcoholism and Drug Abuse	A-7	9,876		9,876	-
Clean Communities Program	A-7		\$ 16,924	16,924	
Uniform Fire Safety Act	A-12	4,050		7,847	3,797
Reserve for Payment of Bonds	A-12,C-14	36,625		36,625	
Capital Fund Balance	A-12,C-1	3,634		3,634	
Assessment Trust Fund Balance	A-12,B-3	3,303		3,303	
Payment In Lieu of Taxes-Cresskill Residential	A-12	120,368		120,368	-
Payment In Lieu of Taxes-6 Madison Ave	A-12	42,018		63,195	21,177
Ambulance Billing - Third Party	A-12	285,000	-	270,592	(14,408)
 Total Miscellaneous Revenues	 A-1	 <u>1,917,207</u>	 <u>16,924</u>	 <u>2,211,797</u>	 <u>277,666</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-9	590,000	-	723,861	133,861
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Minimum Library Tax		761,263		761,263	-
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes		15,024,130	-	15,593,749	569,619
	A-2	<u>15,785,393</u>	<u>-</u>	<u>16,355,012</u>	<u>569,619</u>
 Budget Totals	 A-3	 <u>\$ 20,242,600</u>	 <u>\$ 16,924</u>	 21,240,670	 <u>\$ 981,146</u>
Non-Budget Revenue	A-1,A-2			<u>349,461</u>	
				<u>\$ 21,590,131</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF CRESSKILL
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Revenue from Collections	A-1, A-9	\$ 49,613,385
Allocated School, County and Open Space Taxes	B-23,A-19,A-20,A-21	<u>34,798,373</u>
Balance for Support of Municipal Budget Appropriations		14,815,012
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,540,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 16,355,012</u>
Licenses - Other		
Borough Clerk	A-12	\$ 5,095
Board of Health	A-12	<u>10,347</u>
	A-2	<u>\$ 15,442</u>
Fees and Permits		
Borough Clerk	A-12	\$ 26,809
Planning Board	A-12	4,480
Zoning Board	A-12	7,045
Tax Collector	A-12	86,217
Fire Prevention	A-12	19,036
Police Department	A-12	1,544
Board of Health	A-12	<u>1,040</u>
	A-2	<u>\$ 146,171</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 161,282
Due from Assessment Trust Fund	B-8	8
Due from Animal Control Fund	B-11	122
Due from Other Trust Fund	B-16	3,830
Due from Unemployment Trust Fund	B-14	179
Due from General Capital Fund	C-12	<u>16,856</u>
	A-2	<u>\$ 182,277</u>

BOROUGH OF CRESSKILL
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Analysis of Non-Budget Revenue		
Cell Tower Rent		\$ 155,575
Admin Fee - Outside Police Duty		54,449
Miscellaneous		40,308
Cable Franchise Fees		37,681
Reimbursement - BOE Brookside Properties		14,268
Insurance Refund		12,025
Snowplowing Reimbursements		10,880
Rental Agreement - Tallman House		10,000
Rental of Soccer Field		8,300
Rental Agreement - Brookside		3,000
Cat Licenses		1,259
Admin Fee - Senior and Veteran's Discount		958
Interest on Assessments		517
Sale of Assets		<u>241</u>
	A-1,A-2	<u>\$ 349,461</u>
Non Budget Revenue	A-4	\$ 319,382
Due from Other Trust Fund	B-16	25,000
Due from Assessment Trust	B-3, B-8	3,820
Due from Animal Control	B-11	<u>1,259</u>
Total Non Budget Revenue	A-1	<u>\$ 349,461</u>

BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 55,000	\$ 30,000	\$ 1	\$ 19,999	\$ 10,000
Mayor and Council					
Other Expenses	20,000	20,000	12,592	7,408	
Municipal Clerk					
Salaries and Wages	300,000	290,000	277,024	12,976	
Other Expenses	49,000	54,000	52,089	1,911	
Financial Administration					
Salaries and Wages	247,000	254,000	242,078	11,922	
Other Expenses	100,000	99,000	91,246	7,754	
Audit Services					
Other Expenses	47,300	47,300	44,404	2,896	
Computerized Data					
Salaries and Wages	10,000	10,000	10,000	-	
Other Expenses	55,000	52,000	38,694	13,306	
Revenue Administration					
Salaries and Wages	95,000	78,000	76,121	1,879	
Other Expenses	12,000	12,000	6,426	5,574	
Tax Assessment Administration					
Salaries and Wages	38,000	38,000	36,695	1,305	
Other Expenses	88,000	88,000	64,527	23,473	
Legal Services and Costs					
Other Expenses	150,000	160,000	159,988	12	
Engineering Services and Costs					
Other Expenses	60,000	71,000	68,748	2,252	
Historical Committee					
Other Expenses	3,000	3,000	-	3,000	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	15,000	15,000	14,106	894	
Other Expenses	25,000	40,000	35,812	4,188	
Zoning Board of Adjustment					
Salaries and Wages	4,300	4,900	4,859	41	
Other Expenses	6,800	6,200	3,453	2,747	
INSURANCE					
Unemployment Insurance	42,057	42,057	42,057		
General Liability	241,400	241,400	219,326	22,074	
Workman's Compensation	248,600	248,600	248,594	6	
Employee Group Health	1,170,000	1,170,000	1,139,295	30,705	
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	60,000	60,000	51,262	3,738	5,000
Other Expenses	6,300	6,300	5,610	690	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages - Regular	\$ 3,900,000	\$ 3,892,000	\$ 3,662,469	\$ 229,531	
Salaries and Wages - School Marshals	290,000	298,000	297,953	47	
Salaries and Wages - Specials	10,000	10,000	5,207	4,793	
Other Expenses	225,300	225,300	208,872	16,428	
Emergency Management Services					
Salaries and Wages	10,000	10,000	8,000	2,000	
Other Expenses	18,500	18,500	5,615	12,885	
Emergency Medical Service					
Salaries and Wages - Ambulance	365,000	365,000	330,428	9,572	\$ 25,000
Other Expenses - Contribution	65,000	65,000	56,307	8,693	
Fire					
Fire Sub Code Salaries and Wages	515,000	545,000	533,269	11,731	
Other Expenses	109,900	94,900	79,342	10,558	5,000
Fire Hydrant Service	150,000	140,000	137,823	2,177	
Municipal Prosecutor					
Contractual	15,300	15,300	13,023	2,277	
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages - Regular	2,220,000	2,219,000	2,051,900	142,100	25,000
Salaries and Wages - Snow Removal	77,000	78,000	77,570	430	
Other Expenses	140,500	130,500	80,841	39,659	10,000
Other Public Works Functions					
Shade Tree Commission					
Other Expenses	7,200	7,200	1,783	5,417	
Solid Waste Collection					
Salaries and Wages - Recycling	9,400	9,400	9,400		
Other Expenses - Sanitation	383,000	383,000	358,785	24,215	
Other Expenses-Recycling	238,000	238,000	231,871	6,129	
Buildings and Grounds					
Salaries and Wages	42,000	42,000	38,076	3,924	
Other Expenses	108,000	108,000	92,902	15,098	
Vehicle Maintenance					
Other Expenses	100,000	110,000	107,691	2,309	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages	44,000	44,000	41,596	2,404	
Other Expenses	7,400	7,400	7,182	218	
Environmental Commission (NJS 40:56-1 seq.)					
Other Expenses	5,000	5,000	1,986	3,014	
Animal Control Services					
Other Expenses	5,000	5,000	5,000		
Welfare/Administration of Public Service					
Salaries and Wages	11,000	11,000	10,200	800	
Other Expenses	500	500	40	460	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	\$ 150,000	\$ 160,000	\$ 157,636	\$ 2,364	
Other Expenses	46,700	46,700	38,602	8,098	
Senior Citizens					
Salaries and Wages	67,000	69,500	67,584	1,916	
Other Expenses	30,100	31,600	31,172	428	
Maintenance of Parks					
Other Expenses	31,750	31,750	14,507	17,243	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	16,000	16,000	4,130	11,870	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Hepatitis "B" Inoculations -					
Other Expenses - PEOSHA	3,000	3,000	-	3,000	
UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Code Official					
Salaries and Wages	126,000	126,000	114,759	11,241	
Other Expenses	53,000	53,000	35,651	7,349	\$ 10,000
Sub-Code Officials					
Plumbing Inspector					
Salaries and Wages	14,000	14,000	12,940	1,060	
Electrical Inspector					
Salaries and Wages	16,000	16,000	12,249	3,751	
Fire Inspector					
Salaries and Wages	9,000	9,000	8,560	440	
Other Expenses	4,500	4,500	2,502	1,998	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	130,000	130,000	120,691	9,309	
Street Lighting	112,000	112,000	84,011	17,989	10,000
Telephone	78,000	78,000	74,512	3,488	
Natural Gas	40,000	40,000	38,799	1,201	
Gasoline	90,000	90,000	73,274	16,726	
Water	33,000	27,000	21,056	5,944	
Sewer System - Other Expenses	36,000	36,000	20,090	15,910	

**BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
LANDFILL/SOLID WASTE DISPOSAL					
COSTS					
Dumping Fees	\$ 255,000	\$ 250,000	\$ 243,453	\$ 6,547	-
Total Operations Within "CAPS"	<u>13,561,807</u>	<u>13,561,807</u>	<u>12,576,316</u>	<u>885,491</u>	<u>\$ 100,000</u>
Total Operations Including Contingent Within "CAPS"	<u>13,561,807</u>	<u>13,561,807</u>	<u>12,576,316</u>	<u>885,491</u>	<u>100,000</u>
Detail:					
Salaries and Wages	8,695,000	8,693,100	8,146,965	481,135	65,000
Other Expenses	<u>4,866,807</u>	<u>4,868,707</u>	<u>4,429,351</u>	<u>404,356</u>	<u>35,000</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Contribution to:					
Defined Contribution Retirement Program	27,000	27,000	23,125	3,875	
Social Security System (O.A.S.I.)	375,000	375,000	369,640	5,360	
Police and Firemen Retirement System	956,871	956,871	956,870	1	
Public Employees' Retirement System	<u>428,495</u>	<u>428,495</u>	<u>400,565</u>	<u>27,930</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,787,366</u>	<u>1,787,366</u>	<u>1,750,200</u>	<u>37,166</u>	<u>-</u>
Total General Appropriations for Municipal Purposes - Within "CAPS"	<u>15,349,173</u>	<u>15,349,173</u>	<u>14,326,516</u>	<u>922,657</u>	<u>100,000</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	761,263	761,263	761,263		
SEWERAGE PROCESSING AND DISPOSAL					
Bergen County Utilities Authority-Sewer Fees	756,981	756,981	756,981	-	
OTHER COMMON OPERATING FUNCTIONS					
Tax Appeals	100,000	100,000	100,000		
Recycling Tax	12,000	12,000	9,934	2,066	

**BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
PUBLIC SAFETY FUNCTION					
Fire - LOSAP	\$ 10,000	\$ 10,000	\$ 10,000	-	-
Total Other Operations Excluded from "CAPS"	<u>1,640,244</u>	<u>1,640,244</u>	<u>1,638,178</u>	<u>\$ 2,066</u>	<u>-</u>
Interlocal Municipal Service Agreements					
Police Dispatch 911	5,000	5,000	5,000		
Interlocal Recycling - Alpine	65,000	65,000	65,000		
Interlocal Public Health Services - County of Bergen	<u>30,000</u>	<u>30,000</u>	<u>29,244</u>	<u>756</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>100,000</u>	<u>100,000</u>	<u>99,244</u>	<u>756</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Drug Alliance Program					
Borough Share	2,469	2,469	-	2,469	
State Share	9,876	9,876	7,690	2,186	
Alcohol Education Rehabilitation					
State Recycling Grant	11,311	11,311	-	11,311	
Clean Communities Grant	<u>-</u>	<u>16,924</u>	<u>12,568</u>	<u>4,356</u>	<u>-</u>
Total Public and Private Programs Offset By Revenues	<u>23,656</u>	<u>40,580</u>	<u>20,258</u>	<u>20,322</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,763,900</u>	<u>1,780,824</u>	<u>1,757,680</u>	<u>23,144</u>	<u>-</u>
Detail:					
Other Expenses	<u>1,763,900</u>	<u>1,780,824</u>	<u>1,757,680</u>	<u>23,144</u>	<u>-</u>

BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000	-	-
Total Capital Improvements	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,000,000	1,000,000	1,000,000		
Payment of Bond Anticipation Note Principal	127,250	127,250	127,250		
Interest on Bonds	276,565	276,565	276,565		
Interest on Notes	85,712	85,712	85,711	-	\$ 1
Total Municipal Debt Service Excluded from "CAPS"	<u>1,489,527</u>	<u>1,489,527</u>	<u>1,489,526</u>	<u>-</u>	<u>1</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,353,427</u>	<u>3,370,351</u>	<u>3,347,206</u>	<u>\$ 23,144</u>	<u>\$ 1</u>
Subtotal General Appropriations	18,702,600	18,719,524	17,673,722	945,801	100,001
Reserve for Uncollected Taxes	<u>1,540,000</u>	<u>1,540,000</u>	<u>1,540,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 20,242,600</u>	<u>\$ 20,259,524</u>	<u>\$ 19,213,722</u>	<u>\$ 945,801</u>	<u>\$ 100,001</u>
	A-2	A-3	A-1	A,A-1	A-1

BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-2	\$ 20,242,600	
Added by N.J.S. 40A:4-87	A-2	<u>16,924</u>	
		<u>\$ 20,259,524</u>	
Cash Disbursed	A-4		\$ 17,294,836
Reserve for Uncollected Taxes	A-2		1,540,000
Encumbrances Payable	A-14		278,886
Reserve for Tax Appeals	A-24		<u>100,000</u>
			<u>\$ 19,213,722</u>

**BOROUGH OF CRESSKILL
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
ASSESSMENT TRUST FUND			
Cash	B-4,B-5	\$ 3,233	\$ 3,311
Assessments Receivable	B-6	<u>9,677</u>	<u>12,902</u>
		<u>12,910</u>	<u>16,213</u>
ANIMAL CONTROL FUND			
Cash	B-4	<u>12,667</u>	<u>14,072</u>
OTHER TRUST FUND			
Cash	B-4	2,154,741	2,005,151
Police Outside Services Receivable	B-15	<u>74,722</u>	<u>49,600</u>
		<u>2,229,463</u>	<u>2,054,751</u>
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND			
Cash	B-4	<u>18,800</u>	<u>7,866</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-4	455,943	911,309
Due From Swim Pool Utility Capital Fund	D-9	<u>28,000</u>	<u>44,000</u>
		<u>483,943</u>	<u>955,309</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	513,252	538,306
Contribution Receivable	B	<u>8,310</u>	<u>9,854</u>
		<u>521,562</u>	<u>548,160</u>
Total Assets		<u>\$ 3,279,345</u>	<u>\$ 3,596,371</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CRESSKILL
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ASSESSMENT TRUST FUND			
Reserve for			
Assessment and Liens	B-7	\$ 9,677	\$ 12,902
Due to Current Fund	B-8	2	2
Fund Balance	B-3	<u>3,231</u>	<u>3,309</u>
		<u>12,910</u>	<u>16,213</u>
ANIMAL CONTROL FUND			
Due to Current Fund	B-11	7	8
Reserve for Animal Control Expenditures	B-9	<u>12,660</u>	<u>14,064</u>
		<u>12,667</u>	<u>14,072</u>
OTHER TRUST FUND			
Due to Current Fund	B-16	1,312	12,221
Reserve for			
Escrow Deposits	B-17	327,703	301,100
Street Opening Deposits	B-18	3,700	3,150
Affordable Housing Trust	B-19	1,555,860	1,419,847
Payroll Salaries and Withholdings	B-20	11,056	3,401
Miscellaneous Reserves and Deposits	B-21	229,588	241,067
Police Outside Services	B-22	<u>100,244</u>	<u>73,965</u>
		<u>2,229,463</u>	<u>2,054,751</u>
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND			
Due to Current Fund	B-14	10	8
Due to State of New Jersey	B-13	-	555
Reserve for Expenditures	B-12	<u>18,790</u>	<u>7,303</u>
		<u>18,800</u>	<u>7,866</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Expenditures	B-23	<u>483,943</u>	<u>955,309</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>521,562</u>	<u>548,160</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,279,345</u>	<u>\$ 3,596,371</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF CRESSKILL
STATEMENT OF REVENUES - REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Reference</u>	<u>Anticipated Budget (Memo)</u>	<u>Realized in 2018</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-23	\$ 210,828	\$ 211,249	\$ 421
	B-2	\$ 210,828	211,249	421
Non-Budget Revenue	B-23		11,770	
			\$ 223,019	

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Reference</u>	<u>Appropriated Budget (Memo)</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Reserve for Future Use		\$ 210,828	\$ 210,828	\$ -
	Reference	B-1	B-23	

BOROUGH OF CRESSKILL
COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	B	\$ 3,309	\$ 9,084
Increased by:			
Collections of Unpledged Assessment and Liens	B-7	<u>3,225</u>	<u>3,225</u>
		6,534	12,309
Decreased by:			
Payment to Current Fund as Anticipated Revenue	A-2	<u>3,303</u>	<u>9,000</u>
Balance, December 31	B	<u>\$ 3,231</u>	<u>\$ 3,309</u>

**BOROUGH OF CRESSKILL
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	C-2,C-3	\$ 1,146,745	\$ 1,868,095
Grants Receivable	C-6	50,000	567,500
Due From Cresskill Board of Education	C-16	1,030,000	1,030,000
Deferred Charges to Future Taxation			
Funded	C-4	12,507,000	6,507,000
Unfunded	C-5	<u>3,239,500</u>	<u>8,834,750</u>
 Total Assets		 <u>\$ 17,973,245</u>	 <u>\$ 18,807,345</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes	C-10		\$ 8,572,000
Serial Bonds	C-11	\$ 12,507,000	6,507,000
Encumbrances Payable	C-8	220,243	865,288
Due to Current Fund	C-12	962	1,239
Reserve for Defibrillator	C-13	6,502	7,499
Reserve for Improvements to Firehouse	C-15	230,765	200,000
Reserve for Payment of Bonds	C-14	26,171	36,625
Reserve for Grants Receivable	C-6	-	567,500
Reserve for Cresskill Board of Education Receivable	C-16	1,030,000	1,030,000
Improvement Authorizations			
Funded	C-9	1,409,341	117,674
Unfunded	C-9	2,439,928	799,846
Capital Improvement Fund	C-7	88,540	99,040
Fund Balance	C-1	<u>13,793</u>	<u>3,634</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 17,973,245</u>	 <u>\$ 18,807,345</u>

There were bonds and notes authorized but not issued on December 31, 2018 and 2017 of \$3,239,500 and \$300,000 respectively (Exhibit C-17).

BOROUGH OF CRESSKILL
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	C	\$ 3,634	\$ 114,441
Increased by:			
Expense Reimbursements Sale of BOE Property	C-2	13,793	
Premium on Notes Issued	C-1	<u>-</u>	<u>3,633</u>
		17,427	118,074
Decreased by:			
Anticipated as Current Fund Revenue	A-2, C-2	<u>3,634</u>	<u>114,440</u>
		<u>3,634</u>	<u>114,440</u>
Balance, December 31	C	<u>\$ 13,793</u>	<u>\$ 3,634</u>

**BOROUGH OF CRESSKILL
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIMMING POOL UTILITY FUND
AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<u>OPERATING FUND</u>			
ASSETS			
Cash	D-5	\$ 139,372	\$ 165,473
Due from Swim Pool Utility Capital Fund	D-8	<u>106</u>	<u>9</u>
Total Assets		<u>\$ 139,478</u>	<u>\$ 165,482</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	D-3,D-16	\$ 14,946	\$ 16,336
Encumbrances Payable	D-19	28,024	24,780
Reserve for Swim and Dive Team	D-17	9,066	6,258
Reserve for Snack Bar Security Deposit	D-18	250	
Fund Balance	D-1	<u>87,192</u>	<u>118,108</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 139,478</u>	<u>\$ 165,482</u>
<u>CAPITAL FUND</u>			
ASSETS			
Cash	D-5,D-6	\$ 17,327	\$ 17,230
Fixed Capital	D-7	781,973	781,973
Fixed Capital Authorized and Uncompleted	D-10	<u>143,059</u>	<u>143,059</u>
Total Assets		<u>\$ 942,359</u>	<u>\$ 942,262</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations - Unfunded	D-11	\$ 67,818	\$ 67,818
Reserve for Amortization	D-12	829,973	813,973
Reserve for Deferred Amortization	D-14	4,000	4,000
Due to Swim Pool Utility Operating Fund	D-8	106	9
Due to Municipal Open Space Trust Fund	D-9	28,000	44,000
Capital Improvement Fund	D-13	8,800	8,800
Fund Balance	D-4	<u>3,662</u>	<u>3,662</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 942,359</u>	<u>\$ 942,262</u>

There were bonds and notes authorized but not issued on December 31, 2018 and 2017 of \$91,059 and \$107,059 (Exhibit D-15).

BOROUGH OF CRESSKILL
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	D-2	\$ 70,000	\$ 70,000
Membership Fees	D-2	269,360	279,605
Snack Bar	D-2	16,747	22,282
Non-Budget Revenue	D-2	1,111	508
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-16	<u>16,866</u>	<u>14,590</u>
		<u>374,084</u>	<u>386,985</u>
EXPENDITURES			
Operating	D-3	308,000	305,000
Deferred Charges and Statutory Expenditures	D-3	<u>27,000</u>	<u>25,000</u>
		<u>335,000</u>	<u>330,000</u>
Excess in Revenue		39,084	56,985
Fund Balance, January 1	D	<u>118,108</u>	<u>131,123</u>
		157,192	188,108
Decreased by:			
Utilization by Swimming Pool Utility Operating Fund	D-1,D-2	<u>70,000</u>	<u>70,000</u>
Fund Balance, December 31	D	<u>\$ 87,192</u>	<u>\$ 118,108</u>

**BOROUGH OF CRESSKILL
STATEMENT OF REVENUES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	D-1	\$ 70,000	\$ 70,000	
Membership Fees	D-1,D-5	260,000	269,360	\$ 9,360
Snack Bar	D-1,D-5	<u>20,000</u>	<u>16,747</u>	<u>(3,253)</u>
	D-3	<u>\$ 350,000</u>	356,107	<u>\$ 6,107</u>
Non-Budget Revenue	D-1,D-2		<u>1,111</u>	
			<u>\$ 357,218</u>	

Analysis of Realized Revenues

	<u>Reference</u>	
Non-Budget Revenue		
Interest on Investments	D-2	<u>\$ 1,111</u>
		<u>\$ 1,111</u>

BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 142,000	\$ 130,000	\$ 114,974	\$ 26	\$ 15,000
Other Expenses	181,000	193,000	180,053	12,947	
STATUTORY EXPENDITURES/ DEFERRED CHARGES					
Deferred Charges - Unfunded					
Ord#15-01 Various Improvements	16,000	16,000	16,000		
Contribution to Social Security System (O.A.S.I.)	<u>11,000</u>	<u>11,000</u>	<u>9,027</u>	<u>1,973</u>	<u>-</u>
	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 320,054</u>	<u>\$ 14,946</u>	<u>\$ 15,000</u>
	<u>Reference</u>	D-2	D-2	D	
	<u>Reference</u>				
Cash Disbursed	D-5		\$ 292,030		
Encumbrances Payable	D-19		<u>28,024</u>		
			<u>\$ 320,054</u>		

**BOROUGH OF CRESSKILL
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE -
REGULATORY BASIS
SWIMMING POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	D	\$ <u>3,662</u>	\$ <u>3,662</u>
Balance, December 31	D	\$ <u>3,662</u>	\$ <u>3,662</u>

**BOROUGH OF CRESSKILL
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Land	\$ 5,784,973	\$ 6,626,072
Buildings and Building Improvements	5,826,420	6,075,410
Machinery and Equipment	<u>7,046,473</u>	<u>6,828,089</u>
Total Assets	<u>\$ 18,657,866</u>	<u>\$ 19,529,571</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 18,657,866</u>	<u>\$ 19,529,571</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Cresskill (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

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

B. Description of Regulatory Basis of Accounting

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

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

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

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

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

Open Space Preservation Fund - This fund is used to account for the receipts and disbursements relating to taxes dedicated to the acquisition of real property for open space.

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

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2017 balances to conform to the December 31, 2018 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

Membership Fees - Swimming pool membership fees are levied annually upon a flat fee charge by membership classifications. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accruals are recorded with offsetting reserves on the balance sheet of the Borough's swimming pool utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

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

**BOROUGH OF CRESSKILL
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Cresskill has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds (with the exception of the Assessment Trust Fund and Open Space Preservation Trust Fund)
General Capital Fund
Swimming Pool Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2018 and 2017 the Borough Council increased the original budget by \$16,924 and \$33,746. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2018 and 2017.

**BOROUGH OF CRESSKILL
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2018 and 2017, the book value of the Borough's deposits were \$15,315,889 and \$21,907,631 and bank and brokerage firm balances of the Borough's deposits amounted to \$15,316,225 and \$21,143,481, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2018</u>	<u>2017</u>
Insured	\$ 8,083,247	\$ 20,409,747
Uninsured and Collateralized	<u>7,232,978</u>	<u>733,734</u>
	<u>\$ 15,316,225</u>	<u>\$ 21,143,481</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2018 and 2017, the Borough's bank balances of \$7,232,978 and \$733,734 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2018</u>	<u>2017</u>
	Uninsured and Collateralized	
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 7,232,978</u>	<u>\$ 733,734</u>

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2018 and 2017, the Borough had the following investments:

	<u>2018</u>	<u>Fair Value</u>	<u>2017</u>
Lincoln Financial Group (LOSAP) Investment Fund (Unaudited)	\$ 513,252		\$ 538,306

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2018 and 2017, \$513,252 and \$538,306 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>2018</u>	<u>Fair Value</u>	<u>2017</u>
Uninsured and Collateralized Collateral held by pledging financial institution's trust department but not in the Borough's name (LOSAP) (unaudited)	\$ 513,252		\$ 538,306

**BOROUGH OF CRESSKILL
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, the Borough’s investment in Lincoln National Corporation was rated Baa2 by Moody’s Investor Service.

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

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

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
<u>Current</u>		
Property Taxes	\$ 783,516	\$ 723,270
Tax Title Liens	97,927	90,605
	<u>\$ 881,443</u>	<u>\$ 813,875</u>

In 2018 and 2017, the Borough collected \$723,861 and \$696,670 from delinquent taxes, which represented 92% and 89%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2018</u>		<u>2017</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 2,293		\$ 13,478	
Trust Funds:				
Animal Control Fund		\$ 7		\$ 8
Assessment Trust		2		2
Other Trust		1,312		12,221
Unemployment		10		8
Open Space Preservation Trust	28,000		44,000	
General Capital Fund		962		1,239
Swim Pool Utility Fund				
Operating Fund	106		9	
Capital Fund	<u>-</u>	<u>28,106</u>	<u>-</u>	<u>44,009</u>
 Total	 <u>\$ 30,399</u>	 <u>\$ 30,399</u>	 <u>\$ 57,487</u>	 <u>\$ 57,487</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

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

NOTE 6 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2018 and 2017 are as follows:

	<u>Local District School</u>	
	<u>2018</u>	<u>2017</u>
Balance of Tax	\$ 12,341,043	\$ 11,945,567
Deferred Liability	<u>6,407,660</u>	<u>6,407,660</u>
 Taxes Payable	 <u>\$ 5,933,383</u>	 <u>\$ 5,537,907</u>

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>2018</u>		<u>2017</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,642,493	\$ 2,100,000	\$ 2,570,256	\$ 1,950,000
Non-Cash Surplus	<u>10,961</u>	<u>-</u>	<u>6,704</u>	<u>-</u>
	<u>\$ 2,653,454</u>	<u>\$ 2,100,000</u>	<u>\$ 2,576,960</u>	<u>\$ 1,950,000</u>
Swimming Pool Utility Operating Fund				
Cash Surplus	<u>\$ 87,192</u>	<u>\$ 70,000</u>	<u>\$ 118,108</u>	<u>\$ 70,000</u>

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2018 and 2017.

	Balance January 1, <u>2018</u>	<u>Additions</u>	Retirements/ <u>Adjustments</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
Land	\$ 6,626,072		\$ 841,099	\$ 5,784,973
Buildings and Building Improvement	6,075,410	\$ 62,317	311,307	5,826,420
Machinery and Equipment	<u>6,828,089</u>	<u>252,884</u>	<u>34,500</u>	<u>7,046,473</u>
	<u>\$ 19,529,571</u>	<u>\$ 315,201</u>	<u>\$ 1,186,906</u>	<u>\$ 18,657,866</u>
	Balance January 1, <u>2017</u>	<u>Additions</u>	Retirements/ <u>Adjustments</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land	\$ 5,836,072	\$ 790,000		\$ 6,626,072
Buildings and Building Improvement	5,334,163	741,247		6,075,410
Machinery and Equipment	<u>7,909,361</u>	<u>343,169</u>	<u>\$ 1,424,441</u>	<u>6,828,089</u>
	<u>\$ 19,079,596</u>	<u>\$ 1,874,416</u>	<u>\$ 1,424,441</u>	<u>\$ 19,529,571</u>

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 FIXED ASSETS (Continued)

B. Swimming Pool Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2018 and 2017.

Swim Pool Utility Fund	<u>Balance January 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2018</u>
<u>2018</u>				
Fixed Capital				
System and System Improvements	\$ 781,973	\$ -	\$ -	\$ 781,973
Swim Pool Utility Fund	<u>Balance January 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2017</u>
<u>2017</u>				
Fixed Capital				
System and System Improvements	\$ 781,973	\$ -	\$ -	\$ 781,973

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2018</u>	<u>2017</u>
Issued		
General		
Bonds and Notes	\$ 12,507,000	\$ 15,079,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>26,171</u>	<u>73,875</u>
Net Debt Issued	12,480,829	15,005,125
Authorized But Not Issued		
General		
Bonds and Notes	3,239,500	300,000
Swimming Pool Utility		
Bonds and Notes	<u>91,059</u>	<u>107,059</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 15,811,388</u>	<u>\$ 15,412,184</u>

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .69% and .69% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 15,746,500	\$ 26,171	\$ 15,720,329
School Debt	25,456,000	25,456,000	
Utility Debt	<u>91,059</u>	<u>91,059</u>	<u>-</u>
Total	<u>\$ 41,293,559</u>	<u>\$ 25,573,230</u>	<u>\$ 15,720,329</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 15,379,000	\$ 73,875	\$ 15,305,125
School Debt	26,581,400	26,581,400	
Utility Debt	<u>107,059</u>	<u>107,059</u>	<u>-</u>
Total	<u>\$ 42,067,459</u>	<u>\$ 26,762,334</u>	<u>\$ 15,305,125</u>

Statutory Borrowing Power

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

	<u>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 79,644,777	\$ 77,303,789
Net Debt	<u>15,720,329</u>	<u>15,305,125</u>
Remaining Borrowing Power	<u>\$ 63,924,448</u>	<u>\$ 61,998,664</u>

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2018</u>	<u>2017</u>
\$7,047,000, 2008 Bonds, due in annual installments of \$497,000 to \$500,000 through April, 2024, interest at 3.00% to 4.00%	\$ 2,997,000	\$ 3,497,000
\$4,780,000, 2013 Bonds, due in annual installments of \$500,000 to \$510,000 through March, 2023, interest at 1.00% to 2.00%	2,510,000	3,010,000
\$7,000,000, 2018 Bonds, due in annual installments of \$375,000 to \$750,000 through March, 2030, interest at 2.00% to 3.00%	<u>7,000,000</u>	<u>-</u>
	<u>\$ 12,507,000</u>	<u>\$ 6,507,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

Calendar				
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2019	\$ 1,375,000	\$ 339,299	\$ 1,714,299	
2020	1,375,000	302,814	1,677,814	
2021	1,375,000	265,237	1,640,237	
2022	1,375,000	226,799	1,601,799	
2023	1,385,000	188,261	1,573,261	
2024-2028	4,122,000	511,971	4,633,971	
2029-2030	<u>1,500,000</u>	<u>45,000</u>	<u>1,545,000</u>	
Total	<u>\$ 12,507,000</u>	<u>\$ 1,879,381</u>	<u>\$ 14,386,381</u>	

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund Bonds Payable	\$ <u>6,507,000</u>	<u>7,000,000</u>	\$ <u>1,000,000</u>	\$ <u>12,507,000</u>	\$ <u>1,375,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>6,507,000</u>	<u>\$7,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 12,507,000</u>	<u>\$ 1,375,000</u>
	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund Bonds Payable	\$ <u>7,507,000</u>	<u>-</u>	\$ <u>1,000,000</u>	\$ <u>6,507,000</u>	\$ <u>1,000,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>7,507,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 6,507,000</u>	<u>\$ 1,000,000</u>

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2018</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2018</u>
<u>2018</u>						
<u>General Capital Fund Purpose</u>						
Various Improvements including Road	2.00	3/2/2018	\$ 2,110,500		\$2,110,500	-
Various Improvements including Road	1.09	3/2/2018	<u>6,461,500</u>	<u>-</u>	<u>6,461,500</u>	<u>-</u>
Total Bond Anticipation Notes Payable			<u>\$ 8,572,000</u>	<u>\$ -</u>	<u>\$8,572,000</u>	<u>\$ -</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2017</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
<u>2017</u>						
<u>General Capital Fund Purpose</u>						
Various Improvements including Road	2.00	3/2/2018		\$ 2,110,500		\$ 2,110,500
Various Improvements including Road	1.09	3/2/2018		6,461,500		6,461,500
Various Improvements including Road	0.75	3/3/2017	<u>\$ 6,611,500</u>	<u>-</u>	<u>\$6,611,500</u>	<u>-</u>
Total Bond Anticipation Notes Payable			<u>\$ 6,611,500</u>	<u>\$ 8,572,000</u>	<u>\$6,611,500</u>	<u>\$ 8,572,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

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

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2018</u>		
Recreation Complex	\$10,865	2019
2018 Road Improvements	31,362	2019
2017 Road Improvements	65,594	2019
2016 Road Improvements	16,490	2019
Merritt Field Improvements	77,500	2019
<u>2017</u>		
Recreation Complex	\$10,865	2018
2017 Road Improvements	808,564	2018
2016 Road Improvements	16,490	2018

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are not allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

As of December 31, 2018 and 2017, the Borough has reserved in the Other Trust Fund \$0 and \$25,981, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

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

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

The Borough’s changes in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
Net Pension Liability - PERS	\$ 10,702,515		\$ 1,862,700	\$ 8,839,815	
Net Pension Liability - PFRS	<u>16,691,429</u>	-	<u>2,108,794</u>	<u>14,582,635</u>	-
Total Other Long-Term Liabilities	<u>\$ 27,393,944</u>	<u>\$ -</u>	<u>\$ 3,971,494</u>	<u>\$ 23,422,450</u>	<u>\$ -</u>

	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Net Pension Liability - PERS	\$ 13,609,564		\$ 2,907,049	\$ 10,702,515	
Net Pension Liability - PFRS	<u>20,110,363</u>	-	<u>3,418,934</u>	<u>16,691,429</u>	-
Total Other Long-Term Liabilities	<u>\$ 33,719,927</u>	<u>\$ -</u>	<u>\$ 6,325,983</u>	<u>\$ 27,393,944</u>	<u>\$ -</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**BOROUGH OF CRESSKILL
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
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% (tier 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.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
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 tier 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 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 a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCAP and provides recordkeeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.5% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation for 2017.

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

For the years ended December 31, 2018 and 2017 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employees’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

During the years ended December 31, 2018, 2017 and 2016, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2018	\$ 956,870	\$ 425,920	\$ 23,125
2017	858,356	408,228	23,488
2016	819,887	424,559	18,892

In addition for the years ended December 31, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$2,575 and \$1,304, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Borough reported a liability of \$8,839,815 and \$10,702,515, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough’s proportionate share was .04490 percent, which was a decrease of .00108 percent from its proportionate share measured as of June 30, 2017 of .04598 percent.

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$408,993 and \$744,227, respectively, for PERS based on the actuarial valuations. The Borough's pension expense for the year ended December 31, 2018 is less than the actual contribution reported in the Borough's financial statements of \$425,920. The Borough's pension expense for the year ended December 31, 2017 is more than the actual contribution reported in the Borough's financial statements of \$408,228. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2018		2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 168,577	\$ 45,581	\$ 252,007	
Changes of Assumptions	1,456,655	2,826,503	2,156,188	\$ 2,148,283
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		82,918	72,877	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>127,739</u>	<u>514,781</u>	<u>212,316</u>	<u>436,796</u>
Total	<u>\$ 1,752,971</u>	<u>\$ 3,469,783</u>	<u>\$ 2,693,388</u>	<u>\$ 2,585,079</u>

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ (2,061)
2020	(204,806)
2021	(738,412)
2022	(575,906)
2023	(195,627)
Thereafter	<u>-</u>
	<u>\$ (1,716,812)</u>

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15%	1.65-4.15%
	Based on Age	Based on Age
Thereafter	2.65%-5.15%	2.65-5.15%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66 and 6.00%, respectively than the current rate:

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 11,115,049	\$ 8,839,815	\$ 6,931,039
	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 13,277,196	\$ 10,702,515	\$ 8,557,486

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2018 and 2017, the Borough reported a liability of \$14,582,635 and \$16,691,429, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough’s proportionate share was .10777 percent, which was a decrease of .00035 percent from its proportionate share measured as of June 30, 2017 of .10812 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$1,767,983 and \$2,165,241, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough’s financial statements of \$956,870 and \$858,356, respectively. At December 31, 2018 and 2017, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	2018		2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 148,359	\$ 60,346	\$ 108,284	\$ 97,965
Changes of Assumptions	1,251,723	3,737,278	2,058,239	2,733,568
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		79,780	318,512	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,141,075</u>	<u>45,760</u>	<u>1,787,702</u>	<u>-</u>
Total	<u>\$ 2,541,157</u>	<u>\$ 3,923,164</u>	<u>\$ 4,272,737</u>	<u>\$ 2,831,533</u>

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2019	\$ 722,396
2020	(117,424)
2021	(1,021,107)
2022	(718,457)
2023	(247,415)
Thereafter	<u>-</u>
	<u>\$ (1,382,007)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

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

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>19,517,047</u>	\$ <u>14,582,635</u>	\$ <u>10,512,644</u>
	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>21,992,332</u>	\$ <u>16,691,429</u>	\$ <u>12,336,134</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

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

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,980,810 and \$1,869,581, 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 \$234,624 and \$228,692, respectively, which are than the actual contributions the State made on behalf of the Borough of \$117,312 and \$93,487, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .10777 percent, which was a decrease of .00035 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .10812. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – N.J.S.A. 43:3c-24 established a separate trust fund for certain non-State participating employers to provide funding for State Health Benefit Program coverage to its eligible retirees. Under the provisions of Chapter 330, P.L. 1997, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. For additional information about the Plan, please refer to the State Division of Pensions and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Health Benefit Program Fund – Local Government Retired (the Plan) (Continued)

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) retires 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) retires 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.

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 provided 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 coverage.

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

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

**BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB 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 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium of periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. 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. 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. 75 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. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

GASB 75 – Other Post-Employment Benefits

The Borough of Cresskill is only a member of the State plan under the Special Funding Situation and since the information was not available from the State, it has elected to omit the required disclosure regarding the unfunded liability related to Other Post-Employment Benefits. The actuarial valuation report is prepared by independent accountants for the State of New Jersey. This information was not available at the time of audit.

NOTE 14 RISK MANAGEMENT

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

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

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

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

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

**BOROUGH OF CRESSKILL
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 RISK MANAGEMENT (Continued)

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>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 42,057	\$ 9,735	\$ 40,305	\$ 18,790
2017	40,001	9,682	56,578	7,303
2016	20,000	10,609	61,379	14,198

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 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 \$526,144 and \$434,910, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Cresskill Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 9, 2000 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 Cresskill approved the adoption of the Plan at the general election held on November 7, 2000.

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

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

The Borough of Cresskill has contributed \$1,674 and \$1,648 for 2018 and 2017, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$6,696 and \$8,240 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.

Reporting Requirements

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

**BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2018 and 2017, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2018 and 2017 the Borough abated property taxes totaling \$817,819 and \$422,906, respectively, under the NJHMFA program. The Borough received \$183,563 and \$159,233 in PILOT payments under this program for the years ended December 31, 2018 and 2017, respectively.

CURRENT FUND

BOROUGH OF CRESSKILL
STATEMENT OF CURRENT CASH - COLLECTOR - TREASURER

Balance, January 1, 2018		\$ 16,914,974
Increased by Receipts:		
Taxes Receivable	\$ 43,619,170	
Due from the State of NJ- Senior and Veterans Deductions	47,909	
Non-Budget Revenue	319,382	
Revenue Accounts Receivable	2,152,691	
Other Fees Payable	14,606	
Grants Receivable	22,543	
Petty Cash	900	
Prepaid Taxes	383,738	
Miscellaneous Reserves	534,619	
Tax Overpayments	203,975	
Reserve for Tax Title Lien Redemption	210,701	
Receipts from Other Trust Fund	39,739	
Receipts from Assessment Trust Fund	3,828	
Receipts from Animal Control Trust Fund	1,382	
Receipts from Unemployment Trust Fund	177	
Receipts from General Capital Fund	17,133	
	47,572,493	
		64,487,467
Decreased by Disbursements:		
2018 Budget Appropriation	17,294,836	
2017 Appropriation Reserves	632,073	
Other Fees Payable	15,447	
County Taxes Payable	5,155,238	
Due County for Added Taxes	220,564	
Local District School Tax Payable	28,805,108	
Payments to Appellants - Tax Appeals	8,766	
Reserve for Tax Title Lien Redemption	210,701	
Miscellaneous Reserves	410,701	
Refund of Prior Year Revenue	9,166	
Refund Tax Overpayments	145,807	
Payments to Open Space Trust Fund	211,249	
Petty Cash	900	
	53,120,556	
Balance, December 31, 2018		\$ 11,366,911

**BOROUGH OF CRESSKILL
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, January 1, 2018	Balance, December 31, 2018
Collector - Treasurer	\$ 150	\$ 150

EXHIBIT A-6

STATEMENT OF PETTY CASH

<u>Office</u>	Received from Treasurer	Returned to Treasurer
Borough Clerk	\$ 900	\$ 900

EXHIBIT A-7

STATEMENT OF GRANTS RECEIVABLE

	Balance, January 1, <u>2018</u>	<u>Accrued</u>	<u>Received</u>	Balance, December 31, <u>2018</u>
Municipal Alliance on Alcohol and Drug Abuse	\$ 6,704	\$ 9,876	\$ 5,619	\$ 10,961
Clean Communities Program	-	16,924	16,924	-
	<u>\$ 6,704</u>	<u>\$ 26,800</u>	<u>\$ 22,543</u>	<u>\$ 10,961</u>

**BOROUGH OF CRESSKILL
STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2018		\$ 8,229
Increased by:		
2017 Senior Citizens'/Veterans Deductions Disallowed by Tax Collector	\$ 591	
Cash Received	<u>47,909</u>	
		<u>48,500</u>
		56,729
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	3,500	
Veterans' Deductions Per Tax Billings	44,250	
Senior Citizens'/Veterans Deductions by Tax Collector	<u>500</u>	
		<u>48,250</u>
Balance, December 31, 2018		<u>\$ 8,479</u>

**BOROUGH OF CRESSKILL
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	Balance, January 1, 2018	2018 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected in Cash		Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, December 31, 2018
				2017	2018				
2017	\$ 723,270	-	\$ 591	-	\$ 723,861	-	-	-	-
	723,270	-	591	-	723,861	-	-	-	-
2018	-	\$ 50,678,677	-	\$ 6,669,826	42,895,309	\$ 48,250	\$ 7,322	\$ 274,454	\$ 783,516
	<u>\$ 723,270</u>	<u>\$ 50,678,677</u>	<u>\$ 591</u>	<u>\$ 6,669,826</u>	<u>\$ 43,619,170</u>	<u>\$ 48,250</u>	<u>\$ 7,322</u>	<u>\$ 274,454</u>	<u>\$ 783,516</u>

Tax Yield

General Purpose Tax	\$ 50,577,656	
Added Taxes (54:4-63.1 et seq.)	101,021	
		<u>\$ 50,678,677</u>

Tax Levy

Local District School Tax (Abstract)	\$ 29,200,584	
County Taxes	5,375,802	
Due County for Added Taxes (54:4-63.1 et seq.)	10,738	
		34,587,124
Municipal Open Space Tax	210,828	
Municipal Added Taxes (54:4-63.1 et seq.)	421	
Library Levy	761,263	
Local Tax for Municipal Purposes	15,024,130	
Add Additional Tax Levied	94,911	
		<u>16,091,553</u>
		<u>\$ 50,678,677</u>

**BOROUGH OF CRESSKILL
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2018	\$ 90,605
Increased by:	
Transfer from 2018 Taxes Receivable	<u>7,322</u>
Balance, December 31, 2018	<u>\$ 97,927</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2018	<u>\$ 38,600</u>
Balance, December 31, 2018	<u>\$ 38,600</u>

**BOROUGH OF CRESSKILL
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2018</u>	Accrued in <u>2018</u>	Collected <u>2018</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Alcoholic Beverage		\$ 9,198	\$ 9,198	
Licenses		5,095	5,095	
Fees and Permits		26,809	26,809	
Board of Health				
Licenses		10,347	10,347	
Fees and Permits		1,040	1,040	
Tax Collector				
Fees and Permits		86,217	86,217	
Police Department				
Fees and Permits		1,544	1,544	
Planning Board				
Fees and Permits		4,480	4,480	
Zoning Board				
Fees and Permits		7,045	7,045	
Fire Prevention				
Fees and Permits		19,036	19,036	
Municipal Court				
Fines and Costs	\$ 2,974	34,906	34,854	\$ 3,026
Interest and Costs on Taxes		121,686	121,686	
Interest on Investments and Deposits		161,282	161,282	
Energy Receipts Tax		818,122	818,122	
Uniform Construction Code Fees		340,372	340,372	
Uniform Fire Safety Act		7,847	7,847	
Reserve for Payment of Bonds		36,625	36,625	
Capital Fund Balance		3,634	3,634	
Assessment Trust Fund Balance		3,303	3,303	
Payment in Lieu of Taxes-				
Cresskill Residential		120,368	120,368	
6 Madison Ave	21,007	52,693	63,195	10,505
Ambulance Billing - Third Party	-	270,592	270,592	-
	<u>\$ 23,981</u>	<u>\$ 2,142,241</u>	<u>\$ 2,152,691</u>	<u>\$ 13,531</u>

**BOROUGH OF CRESSKILL
STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, December 31, <u>2017</u>	Modified <u>Balance</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Salaries and Wages					
Municipal Clerk	\$ 21,976	\$ 21,976	\$ 12,849		\$ 9,127
General Administration	28,000	22,000			22,000
Financial Administration	10,037	10,037	9,042		995
Revenue Administration	2,429	3,429	3,104		325
Assessment of Taxes	1,877	1,877			1,877
Planning Board	171	171			171
Zoning Board of Adjustment	712	712			712
Police					
Regular	252,646	252,646	177,013		75,633
School Marshalls	8,543	8,543			8,543
Specials	5,387	5,387			5,387
Emergency Medical Service	21,645	21,645			21,645
Fire Sub-Code	7,510	19,510	18,975		535
Municipal Prosecutor	2,078	2,078			2,078
Streets and Roads Maintenance- Regular	150,440	150,440	106,794		43,646
Streets and Roads Maintenance- Snow Removal	20,552	20,552	20,000		552
Buildings and Grounds	9,855	9,855	1,375		8,480
Public Health Services	1,414	1,414	454		960
Administration of Public Assistance	431	431			431
Recreation	13,350	13,350	3,110		10,240
Senior Citizens	3,134	3,134	2,843		291
Construction Code Official	6,624	6,624	1,616		5,008
Plumbing Inspector	1,300	1,300			1,300
Electrical Inspector	4,463	4,463			4,463
Fire Inspector	3,175	3,175			3,175
Municipal Court	2,388	2,388	-	-	2,388
	<u>580,137</u>	<u>587,137</u>	<u>357,175</u>	<u>-</u>	<u>229,962</u>
Other Expenses					
Mayor and Council	2,798	3,489	220		3,269
Municipal Clerk	10,144	10,177	633		9,544
Financial Administration	6,177	6,883	1,026		5,857
Annual Audit	1,520	39,370	37,942		1,428
Computerized Data	5,246	6,246	5,519		727
Revenue Administration	3,645	1,670	25		1,645
Assessment of Taxes	5,919	23,319	17,400		5,919
Legal Services & Costs	11,837	11,837	2,834		9,003
Engineering Services & Costs	17,850	12,850	5,985		6,865
Historical Committee	2,790	2,790			2,790
Planning Board	4,828	9,829	5,036		4,793
Zoning Board of Adjustment	1,982	1,982	1,264		718
Insurance					
Liability Insurance	4,489	52,610	48,121		4,489
Workman's Compensation	39	63,371	63,332		39
Employee Group Health	12,193	12,393	1,031		11,362
Fire Other Expenses	24,596	18,928	806		18,122
Fire Hydrant Services	4,469	4,469			4,469
Police	21,237	25,137	7,000		18,137

**BOROUGH OF CRESSKILL
STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, December 31, <u>2017</u>	Modified <u>Balance</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Emergency Management Services	\$ 11,698	\$ 11,698			\$ 11,698
Emergency Medical Services	10,966	10,966	\$ 2,551		8,415
Streets and Roads Maintenance	40,038	50,145	12,023		38,122
Shade Tree Commission	6,723	6,723			6,723
Solid Waste Collection					
Other Expenses - Sanitation	24,215	24,215			24,215
Other Expenses - Recycling	12,558	15,958	3,400		12,558
Building and Grounds	6,764	7,244	3,075		4,169
Vehicle Maintenance	3,406	4,618	3,770		848
Public Health Services	5,106	5,106			5,106
Administration of Public Assistance	500	500			500
Environmental Commission	3,120	3,120			3,120
Celebration of Public Events	11,748	11,748			11,748
Recreation	2,164	2,164	428		1,736
Senior Citizens	4,020	4,022	2		4,020
Maintenance of Parks	18,970	18,970	10		18,960
Construction Code Official	5,117	5,117			5,117
Hepatitis "B" Inoculations	3,000	3,000			3,000
Fire Inspector	2,183	2,183			2,183
Electricity	9,411	9,411			9,411
Street Lighting	18,769	18,769	9,101		9,668
Telephone	1,914	1,914	1,043		871
Natural Gas	4,125	4,125			4,125
Gasoline	15,240	15,240	3,075		12,165
Water	7,846	7,846			7,846
Sewer System	19,693	19,693	10,232		9,461
Defined Contribution Retirement Program	1,512	1,512	414		1,098
Social Security System (O.A.S.I.)	10,426	10,426			10,426
Police and Firemen Retirement System	83	83			83
Public Employees' Retirement System	13,822	13,822			13,822
Bergen County Utilities Authority - Sewer Fees	1	1			1
Landfill/Solid Waste Disposal Costs					
Recycling Tax	2,100				
Garbage and Trash Removal Dumping Fees	1,790	23,000	18,940		4,060
Fire - LOSAP	-	16,000	8,240		7,760
Municipal Court	1,088	1,507	420		1,087
Interlocal Municipal Service - Police Dispatch 911	-	5,000	5,000		
Interlocal Public Health Svcs-County of Bergen	1,063	1,063			1,063
Municipal Alliance - Borough Share	2,469	2,469		\$ 2,469	
Municipal Alliance - State Share	2,374	2,374		2,374	
State Recycling Grant	9,498	9,498		9,498	
Clean Communities	2,800	2,800		2,800	
Body Armor Fund Grant Reserve	1,107	1,107		1,107	
Drunk Driving Enforcement Fund	2,266	2,266	-	2,266	-
	<u>443,452</u>	<u>664,773</u>	<u>279,898</u>	<u>20,514</u>	<u>364,361</u>
	<u>\$ 1,023,589</u>	<u>\$ 1,251,910</u>	<u>\$ 637,073</u>	<u>\$ 20,514</u>	<u>\$ 594,323</u>
Appropriation Reserves		\$ 1,023,589			
Encumbrances Payable		<u>228,321</u>			
		<u>\$ 1,251,910</u>			
Cash Disbursements			\$ 632,073		
Accounts Payable			<u>5,000</u>		
			<u>\$ 637,073</u>		
Transfer to Appropriated Grant Reserves				<u>\$ 20,514</u>	

**BOROUGH OF CRESSKILL
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2018	\$ 228,321
Increased by:	
Charges to 2018 Budget Appropriations	<u>278,886</u>
	507,207
Decreased by:	
Restored to 2017 Appropriation Reserves	<u>228,321</u>
Balance, December 31, 2018	<u>\$ 278,886</u>

EXHIBIT A-15

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2018	\$ 1,614
Increased by:	
Transfer From 2017 Appropriation Reserves	<u>5,000</u>
Balance, December 31, 2018	<u>\$ 6,614</u>

EXHIBIT A-16

STATEMENT OF OTHER FEES PAYABLE

	Balance, January 1, <u>2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2018</u>
DCA Fees	\$ 4,483	\$ 14,256	\$ 15,222	\$ 3,517
Marriage License Fees	<u>25</u>	<u>350</u>	<u>225</u>	<u>150</u>
	<u>\$ 4,508</u>	<u>\$ 14,606</u>	<u>\$ 15,447</u>	<u>\$ 3,667</u>

**BOROUGH OF CRESSKILL
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2018		\$ 6,669,826
Increased by:		
Collection of 2019 Taxes	\$ 383,738	
Transfer of Overpayment - 2018 Taxes	<u>62,420</u>	
		<u>446,158</u>
		7,115,984
Decreased by:		
Applied to 2018 Taxes		<u>6,669,826</u>
Balance, December 31, 2018		<u>\$ 446,158</u>

EXHIBIT A-18

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2018		\$ 38,003
Increased by:		
Cash Receipts		<u>203,975</u>
		241,978
Decreased by:		
Applied to 2019 Taxes Receivable	\$ 62,420	
Cancellation to Surplus	10	
Cash Disbursements	<u>145,807</u>	
		<u>208,237</u>
Balance, December 31, 2018		<u>\$ 33,741</u>

**BOROUGH OF CRESSKILL
STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
2018 Tax Levy	\$	<u>5,155,238</u>
Decreased by:		
Payments	\$	<u>5,155,238</u>

STATEMENT OF DUE COUNTY FOR ADDED TAXES

Increased by:			
County Open Space Preservation	\$	220,564	
County Share of 2017 Levy - Added Taxes		<u>10,738</u>	
(RS 54:4-63.1 et seq)			\$ 231,302
Decreased by:			
Payments			<u>220,564</u>
Balance, December 31, 2018			<u>\$ 10,738</u>

BOROUGH OF CRESSKILL
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, January 1, 2018		\$ 11,945,567
School Tax Payable	\$ 5,537,907	
School Tax Deferred	<u>6,407,660</u>	
Increased by:		
Levy School Year July 1, 2018 to June 30, 2019		<u>29,200,584</u>
Decreased by:		41,146,151
Payments		<u>28,805,108</u>
Balance, December 31, 2018		
School Tax Payable	5,933,383	
School Tax Deferred	<u>6,407,660</u>	
		<u>\$ 12,341,043</u>
<u>2018 Liability for Local District School Tax</u>		
Tax Paid		\$ 28,805,108
School Tax Payable-December 31, 2018		<u>5,933,383</u>
		34,738,491
Less: Tax Payable December 31, 2017		<u>5,537,907</u>
Amount Charged to 2018 Operations		<u>\$ 29,200,584</u>

**BOROUGH OF CRESSKILL
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, January 1, <u>2018</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2018</u>
Recycling Expenditures	\$ 32,007	\$ 6,911	\$ 8,497	\$ 30,421
Police Color Guard	11,187	3,075	4,810	9,452
Senior Center Activities	42,008	630	27,223	15,415
Tax Sale Premiums	153,900	173,100	43,000	284,000
Tree Replacement		900		900
Recreation Activities	<u>49,642</u>	<u>350,003</u>	<u>327,171</u>	<u>72,474</u>
	<u>\$ 288,744</u>	<u>\$ 534,619</u>	<u>\$ 410,701</u>	<u>\$ 412,662</u>

STATEMENT OF APPROPRIATED RESERVES

	Balance, January 1, <u>2018</u>	Transfer from Appropriation <u>Reserves</u>	<u>Disbursements</u>	<u>Cancellations</u>	Balance, December 31, <u>2018</u>
Municipal Alliance Grant		\$ 4,843			\$ 4,843
Drunk Driving	\$ 2,662	2,266			4,928
Alcohol Rehabilitation	1,974				1,974
Body Armor		1,107			1,107
Clean Communities	25,385	2,800			28,185
BC - Historical Grant	125			\$ 125	-
Recycling Tonnage Grant	<u>67,760</u>	<u>9,498</u>	<u>-</u>	<u>-</u>	<u>77,258</u>
	<u>\$ 97,906</u>	<u>\$ 20,514</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 118,295</u>
			Surplus	<u>\$ 125</u>	

**BOROUGH OF CRESSKILL
STATEMENT OF RESERVES FOR TAX APPEALS PENDING**

Balance, January 1, 2018	\$ 434,910
Increased by:	
Transfer from 2018 Appropriations	100,000
	534,910
Decreased by:	
Cash Paid to Appellants	8,766
Balance, December 31, 2018	\$ 526,144

EXHIBIT A-25

STATEMENT OF RESERVES FOR TAX TITLE LIEN REDEMPTION

Increased by:	
Cash Receipts	\$ 210,701
Decreased by:	
Cash Disbursements	\$ 210,701

EXHIBIT A-26

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, January 1, <u>2018</u>	<u>Received</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2018</u>
Recycling Tonnage Grant	\$ 11,311	\$ -	\$ 11,311	\$ -

TRUST FUND

BOROUGH OF CRESSKILL
STATEMENT OF TRUST FUND CASH - COLLECTOR AND TREASURER

	<u>Assessment Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Open Space Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>
Balance, January 1, 2018	\$ 3,311	\$ 14,072	\$ 2,005,151	\$ 911,309	\$ 7,866
Increased by Receipts:					
Budget Appropriations:					
Unemployment Compensation					\$ 42,057
Animal Control		\$ 5,000			
Open Space Taxes				\$ 211,249	
Assessments Receivable	\$ 3,225				
Interest and Cost on Assessments	517				
Cat License Fees Collected		7,906			
Dog License Fees Collected		1,259			
State Registration Fees Collected		987			
Receipts from Swim Pool Capital Fund				16,000	
Miscellaneous Reserves and Deposits			\$ 152,671		
Payroll Salaries and Withholdings			9,866,870		9,735
Housing Trust Fees Collected			189,740		
Escrow Deposits			150,840		
Interest on Investments and Deposits	8	122	12,722	11,770	179
Street Opening Deposits			2,100		
Police Outside Services			403,326		
Miscellaneous	-	657	-	-	-
	<u>3,750</u>	<u>15,931</u>	<u>10,778,269</u>	<u>239,019</u>	<u>51,971</u>
	7,061	30,003	12,783,420	1,150,328	59,837
Decreased by Disbursements:					
Payments to Current Fund	3,828	1,382	39,739		177
Expenditures Under R.S 4:19-15.11		14,967		4,385	
Payments to General Capital Fund				690,000	
Due to State of NJ - Dog License Fees		987			
Street Opening Refunds			1,550		
Payroll Salaries and Withholdings			9,859,215		
Escrow Deposits			124,237		
Miscellaneous Reserves and Deposits			139,150		
Housing Trust Expenditures			62,619		
Unemployment Ins. Benefits					40,860
Police Outside Services			402,169		
Street Opening Deposits	-	-	-	-	-
	<u>3,828</u>	<u>17,336</u>	<u>10,628,679</u>	<u>694,385</u>	<u>41,037</u>
Balance, December 31, 2018	<u>\$ 3,233</u>	<u>\$ 12,667</u>	<u>\$ 2,154,741</u>	<u>\$ 455,943</u>	<u>\$ 18,800</u>

**BOROUGH OF CRESSKILL
ANALYSIS OF ASSESSMENT CASH**

	Balance, December 31, <u>2018</u>
Assessment Trust Surplus	\$ <u>3,233</u>

**BOROUGH OF CRESSKILL
STATEMENT OF ASSESSMENTS RECEIVABLE
ASSESSMENT TRUST FUND**

Ord. No.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance, January 1, 2018	Collected	Balance, December 31, 2018	Analysis of Balance		
								Assessment Bonds	Assessment Notes	Reserve
08-13	Improvements to Devonshire and Kenilworth St.	12/1/2012	10	12/1/12-2021	\$ 12,902	\$ 3,225	\$ 9,677	-	-	\$ 9,677
					<u>\$ 12,902</u>	<u>\$ 3,225</u>	<u>\$ 9,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,677</u>

**STATEMENT OF RESERVE FOR ASSESSMENTS AND LIENS
ASSESSMENT TRUST FUND**

Ordinance Number	Improvement Description	Balance, January 1, 2018	Increase by		Collections To Surplus	Balance, December 31, 2018
			Budget Appropriation	Current Budget Deficit		
	<u>Assessments Receivable</u>					
08-13	Improvements to Devonshire and Kenilworth St.	\$ 12,902	\$ -	\$ -	\$ 3,225	\$ 9,677
		<u>\$ 12,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,225</u>	<u>\$ 9,677</u>

**BOROUGH OF CRESSKILL
STATEMENT OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND**

Balance, January 1, 2018		\$	2
Increased by:			
Interest and Cost on Assessment	\$ 517		
Interest on Deposits	<u>8</u>		
			<u>525</u>
			527
Decreased by:			
Payments Made to Current Fund			<u>525</u>
Balance, December 31, 2018		\$	<u><u>2</u></u>

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND**

Balance, January 1, 2018		\$	14,064
Increased by:			
Dog License Fees Collected	\$ 7,906		
Late and Miscellaneous Fees Collected	657		
Cat License Fees Collected	1,259		
Budget Appropriation	<u>5,000</u>		
			<u>14,822</u>
			28,886
Decreased by:			
Expenditures Under RS 4:19-15.11	14,967		
Due to Current Fund	<u>1,259</u>		
			<u>16,226</u>
Balance, December 31, 2018		\$	<u><u>12,660</u></u>

**BOROUGH OF CRESSKILL
STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Increased by:		
2018 State Fees Collected	\$	987
Decreased by:		
Payments	\$	987

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

Balance, January 1, 2018		\$ 8
Increased by:		
Cat Fees Collected	\$ 1,259	
Interest	122	
		1,381
		1,389
Increased by:		
Cash Disbursement		1,382
Balance, December 31, 2018		\$ 7

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND**

Balance, January 1, 2018		\$ 7,303
Increased by:		
Employee Payroll Deductions	\$ 9,735	
2018 Budget Appropriation	42,057	
		51,792
		59,095
Decreased by:		
Due to State of New Jersey		40,305
Balance, December 31, 2018		\$ 18,790

**BOROUGH OF CRESSKILL
STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND**

Balance, January 1, 2018	\$ 555
Increased by:	
2018 Unemployment Claims	40,305
	40,860
Decreased by:	
Payments	40,860
Balance, December 31, 2018	\$ -

**STATEMENT OF DUE TO CURRENT FUND
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND**

Balance, January 1, 2018	\$ 8
Increased by:	
Interest on Investments	179
	187
Decreased by:	
Cash Disbursements	177
Balance, December 31, 2018	\$ 10

**BOROUGH OF CRESSKILL
STATEMENT OF POLICE OUTSIDE SERVICES RECEIVABLE
OTHER TRUST FUND**

Balance, January 1, 2018		\$ 49,600
Increased by:		
Police Outside Services Billings		<u>428,448</u>
		478,048
Decreased by:		
Cash Receipts		<u>403,326</u>
Balance, December 31, 2018		<u>\$ 74,722</u>

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

Balance, January 1, 2018		\$ 12,221
Increased by:		
Cancellation of Deposits - Community Center	\$ 25,000	
Interest on Investments and Deposits	<u>3,830</u>	
		<u>28,830</u>
		41,051
Decreased by:		
Payments to Current Fund		<u>39,739</u>
Balance, December 31, 2018		<u>\$ 1,312</u>

**BOROUGH OF CRESSKILL
STATEMENT OF RESERVE FOR ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2018	\$ 301,100
Increased by:	
Deposits Collected	<u>150,840</u>
	451,940
Decreased by:	
Deposits Refunded	<u>124,237</u>
Balance, December 31, 2018	<u>\$ 327,703</u>

**STATEMENT OF RESERVE FOR STREET OPENING DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2018	\$ 3,150
Increased by:	
Deposits Collected	<u>2,100</u>
	5,250
Decreased by:	
Deposits Refunded	<u>1,550</u>
Balance, December 31, 2018	<u>\$ 3,700</u>

**BOROUGH OF CRESSKILL
STATEMENT OF RESERVE FOR AFFORDABLE HOUSING TRUST
OTHER TRUST FUND**

Balance, January 1, 2018		\$ 1,419,847
Increased by:		
Cash Receipts	\$ 189,740	
Interest Earned	<u>8,892</u>	
		<u>198,632</u>
		1,618,479
Decreased by:		
Cash Disbursements		<u>62,619</u>
Balance, December 31, 2018		<u>\$ 1,555,860</u>

**STATEMENT OF RESERVE FOR PAYROLL SALARIES AND WITHHOLDINGS
OTHER TRUST FUND**

Balance, January 1, 2018		\$ 3,401
Increased by:		
Cash Receipts		<u>9,866,870</u>
		9,870,271
Decreased by:		
Cash Disbursements		<u>9,859,215</u>
Balance, December 31, 2018		<u>\$ 11,056</u>

**BOROUGH OF CRESSKILL
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND**

	Balance, January 1, <u>2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2018</u>
Community Center	\$ 832	\$ 115,378	\$ 112,911	\$ 3,299
POAA	536	40		576
Accumulated Absences	25,981		25,981	-
Motorcycle Expenditures	6,889		6,889	-
Snow Removal	123,375	20,000		143,375
Flexible Spending	1,819	6,500	6,769	1,550
Estate of Alan Berlin	75,558			75,558
Miscellaneous - B. Nasuto		2,130	2,130	
Recreation - Umpire	3,343	8,473	9,470	2,346
Fire Prevention Penalties	959	150		1,109
911 Memorial Fund	650			650
Rent Security Deposits	1,125	-	-	1,125
	<u>\$ 241,067</u>	<u>\$ 152,671</u>	<u>\$ 164,150</u>	<u>\$ 229,588</u>
		Cash Disbursements	\$ 139,150	
		Cancellation Due to Current Fund	25,000	
			<u>\$ 164,150</u>	

EXHIBIT B-22

**STATEMENT OF RESERVE FOR POLICE OUTSIDE SERVICES
OTHER TRUST FUND**

Balance, January 1, 2018	\$ 73,965
Increased by:	
Police Outside Services Billings	<u>428,448</u>
	502,413
Decreased by:	
Cash Disbursements	<u>402,169</u>
Balance, December 31, 2018	<u>\$ 100,244</u>

BOROUGH OF CRESSKILL
STATEMENT OF RESERVE FOR OPEN SPACE PRESERVATION TRUST FUND
OPEN SPACE PRESERVATION TRUST FUND

Balance, January 1, 2018		\$ 955,309
Increased by:		
Open Space Tax	\$ 210,828	
Added Open Space Tax	421	
Interest Earnings	<u>11,770</u>	
		<u>223,019</u>
		1,178,328
Decreased by:		
Cash Disbursements	4,385	
Cash Disbursements - General Capital Fund	<u>690,000</u>	
		<u>694,385</u>
Balance, December 31, 2018		<u>\$ 483,943</u>

GENERAL CAPITAL FUND

**BOROUGH OF CRESSKILL
STATEMENT OF CASH - GENERAL CAPITAL FUND**

Balance, January 1, 2018		\$ 1,868,095
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	\$ 106,000	
Deferred Charges Unfunded	1,267,250	
Grant Receipts	567,500	
Bond Sale	7,000,000	
Expense Reimbursement Sale of Property	67,793	
Reserve for Improvements to Firehouse	30,765	
Reserve for Payment of Bonds	26,171	
Receipts from Open Space	690,000	
Interest on Investments and Deposits	<u>16,856</u>	
		<u>9,772,335</u>
		11,640,430
Decreased by:		
Improvement Authorizations	998,008	
Encumbrances Payable	865,288	
Bond Anticipation Notes	8,572,000	
Reserve for Defibrillator	997	
Reserve for Payment of Bonds Anticipated as Current Fund Revenue	36,625	
Capital Surplus Anticipated as Current Fund Revenue	3,634	
Payments To Current Fund	<u>17,133</u>	
		<u>10,493,685</u>
Balance, December 31, 2018		<u>\$ 1,146,745</u>

**BOROUGH OF CRESSKILL
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2018</u>
Fund Balance	\$ 13,793
Capital Improvement Fund	88,540
Due to Current Fund	962
Reserve for Defibrillator	6,502
Reserve for Improvements to Firehouse	230,765
Reserve for Payment of Serial Bonds	26,171
Reserve for BOE Lease Payments	1,030,000
Encumbrances Payable	220,243
Grants Receivable	(50,000)
Due from BOE Lease Payments	(1,030,000)

Improvement Authorizations:

Ordinance Number	<u>Improvement Description</u>	
12-07	Various Public Improvements	54,547
13-04-1447	Various Public Improvements & Acq. Of Equipment	15
13-06-1449	Various Public Improvements	15,005
14-02-1459	Various Public Improvements - Third St & Cook Field	3,701
14-06-1463	Various Public Improvements	50,888
15-04-1472	Acquisition of Police Equipment	58,398
15-06-1474	2015 Road Improvement Program	168,027
15-09-1477	Acquisition of Real Property - Open Space	1,185
15-11-1497	Acquisition of Various Equipment & Vehicles	75,486
16-07-1486	Improvement Third Street Recreation Complex	791
16-08-1487	Various Improvements & Equipment	121,259
16-12-1491	Acquisition of Real Property	46,207
17-03-1497	Acquisition of Real Property	12,966
17-04-1498	Various Equipment - Police Department	6,697
17-05-1500	Various Improvements & Equipment	141,312
18-05-1517	Various Improvements & Equipment	(799,572)
18-18-1530	Various Improvements Margie Ave Athletic Field	590,829
18-20-1532	Improvement Parking Facility Allen Street	<u>62,028</u>
		<u>\$ 1,146,745</u>

BOROUGH OF CRESSKILL
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2018	\$ 6,507,000
Increased by:	
Serial Bonds Issued	<u>7,000,000</u>
	13,507,000
Decreased by:	
2018 Budget Appropriation to Pay Bonds	<u>1,000,000</u>
Balance, December 31, 2018	<u>\$ 12,507,000</u>

**BOROUGH OF CRESSKILL
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, January 1, 2018	2018 Authorizations	Grant Receipts	Paid by Bond Sale	Cash Receipts	Notes Paid by Current Fund Budget	Analysis of Balance, December 31, 2018		
								Balance, December 31, 2018	Financed by Bond Anticipation Notes	Expenditures
General Improvements										
13-04-1447	Various Public Improvements & Acq. Of Equipment	\$ 365,850		\$ 150,000	\$ 189,350		\$ 26,500			
13-06-1449	Various Public Improvements	210,900			210,900					
14-02-1459	Various Public Improvements	120,750			120,750					
14-06-1463	Road Imprvts/Parking Lot - Third Street	460,750			460,750					
14-08-1465	Improvement to Brookside Ave	449,500			449,500					
15-04-1472	Various Equipment - Police Department	218,500			117,750		100,750			
15-06-1474	2015 Road Improvement Program	1,140,000			1,140,000					
15-09-1477	Acquisition of Real Property - Open Space	300,000		300,000						
15-11-1497	Acquisition of Equipment & Vehicles	171,000			171,000					
16-07-1486	Improvement Third Street Recreation Complex	712,500		117,500	595,000					
16-08-1487	Various Improvements & Equipment	1,434,500			1,434,500					
16-12-1491	Acquisition of Real Property	1,140,000				\$ 1,140,000				
17-03-1497	Acquisition of Real Property	980,000			980,000					
17-04-1498	Various Equipment - Police Department	180,500			180,500					
17-05-1500	Various Improvements & Equipment	950,000			950,000					
18-05-1517	Various Improvements & Equipment		\$ 1,121,000				\$ 1,121,000	\$ 799,572	\$ 321,428	
18-18-1530	Improvements Margie Ave, Athletic Field		807,500				807,500		807,500	
18-20-1532	Parking Facility -Allen Street	-	1,311,000	-	-	-	1,311,000	-	-	1,311,000
		<u>\$ 8,834,750</u>	<u>\$ 3,239,500</u>	<u>\$ 567,500</u>	<u>\$ 7,000,000</u>	<u>\$ 1,140,000</u>	<u>\$ 127,250</u>	<u>\$ 3,239,500</u>	<u>\$ -</u>	<u>\$ 2,439,928</u>
										Improvement Authorizations - Unfunded <u>\$ 2,439,928</u>

**BOROUGH OF CRESSKILL
STATEMENT OF GRANTS RECEIVABLE**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2018</u>	<u>Grant Awards</u>	<u>Cash Received</u>	<u>Balance, December 31, 2018</u>
Department of Transportation					
13-04-1447	Multi Purpose - Phelps Ave	\$ 150,000		\$ 150,000	
County of Bergen-					
15-09-1477	Acquisition of Real Property	300,000		300,000	
16-07-1486	Improvement - Third Street Recreation Complex	117,500		117,500	
18-18-1530	Improvement - Margie Ave. Athletic Field	<u>-</u>	<u>\$ 50,000</u>	<u>-</u>	<u>\$ 50,000</u>
		<u>\$ 567,500</u>	<u>\$ 50,000</u>	<u>\$ 567,500</u>	<u>\$ 50,000</u>

**BOROUGH OF CRESSKILL
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2018		\$ 99,040
Increased by:		
2018 Budget Appropriation	\$ 100,000	
Cash Receipts - BOE - Sale of Property	<u>60,000</u>	
		<u>160,000</u>
		259,040
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>170,500</u>
Balance, December 31, 2018		<u>\$ 88,540</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2018		\$ 865,288
Increased by:		
Charges to Improvement Authorizations		<u>220,243</u>
		1,085,531
Decreased by:		
Payments		<u>865,288</u>
Balance, December 31, 2018		<u>\$ 220,243</u>

**BOROUGH OF CRESSKILL
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Date of Original Issue</u>	<u>Date Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>		<u>Balance, January 1, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
13-04-1447	Various Public Improvements	\$ 508,250	3/7/2014	3/3/2017	3/2/2018	1.09 %	\$	365,850		\$	365,850
13-06-1449	Various Public Improvements	218,500	3/7/2014	3/3/2017	3/2/2018	1.09		210,900			210,900
14-02-1459	Road Improvements/Park Lot Third St.	120,750	3/6/2015	3/3/2017	3/2/2018	1.09		120,750			120,750
14-06-1463	Various Public Improvements	460,750	3/6/2015	3/3/2017	3/2/2018	1.09		460,750			460,750
14-08-1465	Improvements of Brookside Ave	486,750	3/6/2015	3/3/2017	3/2/2018	1.09		486,750			486,750
15-04-1472	Various Equipment - Police Department	218,500	3/4/2016	3/3/2017	3/2/2018	1.09		218,500			218,500
15-06-1474	2015 Road Improvement Program	1,140,000	3/4/2016	3/3/2017	3/2/2018	1.09		1,140,000			1,140,000
15-11-1497	Acq. Of Equipment & Vehicles	171,000	3/4/2016	3/3/2017	3/2/2018	1.09		171,000			171,000
16-07-1486	Various Improvements Third Street Recreation Complex	712,500	12/14/2016	3/3/2017	3/2/2018	1.09		712,500			712,500
16-08-1487	Various Improvements & Equipment	1,434,500	12/14/2016	3/3/2017	3/2/2018	1.09		1,434,500			1,434,500
16-12-1491	Acquisition of Real Property	1,140,000	12/14/2016	3/3/2017	3/2/2018	1.09		1,140,000			1,140,000
17-03-1497	Acquisition of Real Property	980,000	10/20/2017	3/3/2017	3/2/2018	2.00		980,000			980,000
17-04-1498	Various Equipment - Police Department	180,500	10/20/2017	3/3/2017	3/2/2018	2.00		180,500			180,500
17-06-1500	Various Improvement & Acq. Of Equipme	950,000	10/20/2017	3/3/2017	3/2/2018	2.00		950,000	-	950,000	-
								<u>\$ 8,572,000</u>	<u>\$ -</u>	<u>\$ 8,572,000</u>	<u>\$ -</u>
								Proceeds from Bond Sale		\$ 7,000,000	
								Proceeds from Sale of Property		1,140,000	
								Cash Receipts		267,500	
								Budget Appropriation		127,250	
								Excess Note Proceeds		37,250	
										<u>\$ 8,572,000</u>	

**BOROUGH OF CRESSKILL
STATEMENT OF SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>					
General Improvement Bonds of 2008	4/1/2008	\$ 7,047,000	4/1/19-23	\$ 500,000	3%-4%	\$ 3,497,000		\$ 500,000	\$ 2,997,000
			4/1/2024	497,000					
General Improvement Bonds of 2013	3/1/2013	4,780,000	3/1/19-2022	500,000					
			3/1/2023	510,000	1% - 2%	3,010,000		500,000	2,510,000
General Improvement Bonds of 2018	3/1/2018	7,000,000	3/1/19-2023	375,000	2-2.25%				
			3/1/2024	625,000	2.25%				
			3/1/25-2030	750,000	3.00%	-	\$ 7,000,000	-	7,000,000
						<u>\$ 6,507,000</u>	<u>\$ 7,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 12,507,000</u>
								<u>\$ 1,000,000</u>	
								<u>\$ 1,000,000</u>	

**BOROUGH OF CRESSKILL
STATEMENT OF DUE TO CURRENT FUND**

Balance, January 1, 2018	\$ 1,239
Increased by:	
Interest on Investments and Deposits	<u>16,856</u>
	18,095
Decreased by:	
Cash Disbursements	<u>17,133</u>
Balance, December 31, 2018	<u>\$ 962</u>

STATEMENT OF RESERVE FOR DEFIBRILLATOR

Balance, January 1, 2018	\$ 7,499
Decreased by:	
Cash Disbursements	<u>997</u>
Balance, December 31, 2018	<u>\$ 6,502</u>

**BOROUGH OF CRESSKILL
STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, January 1, 2018	\$ 36,625
Increased by:	
Prior Year Grant Receipts on Funded Ordinances	<u>26,171</u>
	62,796
Decreased by:	
Anticipated as Current Fund Revenue	<u>36,625</u>
Balance, December 31, 2018	<u>\$ 26,171</u>

EXHIBIT C-15

STATEMENT OF RESERVE FOR IMPROVEMENTS TO FIREHOUSE

Balance, January 1, 2018	\$ 200,000
Increased by:	
Cash Receipts - Donations	<u>30,765</u>
Balance, December 31, 2018	<u>\$ 230,765</u>

EXHIBIT C-16

STATEMENT OF DUE FROM CRESSKILL BOARD OF EDUCATION - LEASE

Balance, January 1, 2018	<u>\$ 1,030,000</u>
Balance, December 31, 2018	<u>\$ 1,030,000</u>

BOROUGH OF CRESSKILL
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	Balance, January 1, <u>2018</u>	2018 <u>Authorizations</u>	Grant <u>Receipts</u>	Balance, December 31, <u>2018</u>
General Improvements					
15-09-1477	Acquisition of Real Property - Open Space	\$ 300,000		\$ 300,000	
18-05-1517	Various Improvements & Equipment		\$ 1,121,000		\$ 1,121,000
18-18-1530	Various Improvements Margie Ave Athletic Field		807,500		807,500
18-20-1532	Improvement Parking Facility Allen Street	-	1,311,000	-	1,311,000
		<u>\$ 300,000</u>	<u>\$ 3,239,500</u>	<u>\$ 300,000</u>	<u>\$ 3,239,500</u>

SWIMMING POOL UTILITY FUND

BOROUGH OF CRESSKILL
STATEMENT OF SWIMMING POOL UTILITY CASH - COLLECTOR-TREASURER

	<u>Operating</u>		<u>Capital</u>
Balance, January 1, 2017	\$ 165,473		\$ 17,230
Increased by Receipts:			
Membership Fees	\$ 269,360		
Snack Bar Revenues	16,747		
Interest on Investments and Deposits	1,005	\$ 106	
Receipts from Swim Pool Capital	9		
Snack Bar Security Deposit	500		
Budget Appropriation		16,000	
Reserve for Swim and Dive Team	<u>4,000</u>		<u>-</u>
	<u>291,621</u>		<u>16,106</u>
	457,094		33,336
Decreased by Disbursements:			
2018 Budget Appropriations	292,030		
2017 Appropriation Reserves	24,250		
Snack Bar Security Disbursements	250		
Disbursements to Municipal Open Space		16,000	
Disbursements to Swim Pool Operating		9	
Reserve for Swim and Dive Team	<u>1,192</u>		<u>-</u>
	<u>317,722</u>		<u>16,009</u>
Balance, December 31, 2017	<u>\$ 139,372</u>		<u>\$ 17,327</u>

**BOROUGH OF CRESSKILL
ANALYSIS OF SWIMMING POOL UTILITY CAPITAL CASH
SWIMMING POOL UTILITY CAPITAL FUND**

		Balance, December 31, <u>2018</u>
Fund Balance		\$ 3,662
Due to Swim Pool Utility Operating Fund		106
Capital Improvement Fund		8,800
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
15-01	Renovation to Swim Pool	<u>4,759</u>
		<u>\$ 17,327</u>

EXHIBIT D-7

**STATEMENT OF FIXED CAPITAL
SWIMMING POOL UTILITY CAPITAL FUND**

Balance, January 1, 2018	<u>\$ 781,973</u>
Balance, December 31, 2018	<u>\$ 781,973</u>

**BOROUGH OF CRESSKILL
STATEMENT OF DUE TO SWIM POOL UTILITY OPERATING FUND
SWIMMING POOL CAPITAL FUND**

Balance, January 31, 2018	\$	9
Increased by:		
Interest		106
		<hr/>
		115
Decreased by:		
Cash Disbursements		9
		<hr/>
Balance, December 31, 2018	\$	<u>106</u>

**STATEMENT OF DUE TO MUNICIPAL OPEN TRUST FUND
SWIMMING POOL CAPITAL FUND**

Balance, January 1, 2018	\$	44,000
Decreased by:		
Cash Disbursements		16,000
		<hr/>
Balance, December 31, 2018	\$	<u>28,000</u>

**BOROUGH OF CRESSKILL
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SWIMMING POOL UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance, January 1, 2018</u>	<u>Balance, December 31, 2018</u>
91-05	Renovation of Municipal Swim Pool	\$ 500,000	\$ 63,059	\$ 63,059
15-01	Renovation to Swim Pool	80,000	<u>80,000</u>	<u>80,000</u>
			<u>\$ 143,059</u>	<u>\$ 143,059</u>

**STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SWIMMING POOL UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance Amount Appropriated</u>	<u>Balance, January 1, 2018 Unfunded</u>	<u>Balance, December 31, 2018 Unfunded</u>
91-05	Renovation of Municipal Swim Pool	\$ 500,000	\$ 63,059	\$ 63,059
15-01	Renovation to Swim Pool	80,000	<u>4,759</u>	<u>4,759</u>
			<u>\$ 67,818</u>	<u>\$ 67,818</u>

**BOROUGH OF CRESSKILL
STATEMENT OF RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND**

Balance, January 1, 2018	\$ 813,973
Increased by:	
2018 Budget Appropriation	<u>16,000</u>
Balance, December 31, 2018	<u><u>\$ 829,973</u></u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND
SWIMMING POOL UTILITY CAPITAL FUND**

Balance, January 1, 2018	<u>\$ 8,800</u>
Balance, December 31, 2018	<u><u>\$ 8,800</u></u>

**STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND**

<u>Ord.</u> <u>No.</u>	<u>Purpose</u>	Balance, December 31, <u>2017</u>	Balance, December 31, <u>2018</u>
15-01	Renovation to Swim Pool	<u>\$ 4,000</u>	<u>\$ 4,000</u>
		<u><u>\$ 4,000</u></u>	<u><u>\$ 4,000</u></u>

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

<u>Ord.</u> <u>No.</u>	<u>Purpose</u>	Balance, January 1, <u>2018</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2018</u>
91-05	Renovation of Municipal Swim Pool	\$ 63,059		\$ 63,059
15-01	Renovation to Swim Pool	<u>44,000</u>	<u>\$ 16,000</u>	<u>28,000</u>
		<u>\$ 107,059</u>	<u>\$ 16,000</u>	<u>\$ 91,059</u>

**BOROUGH OF CRESSKILL
STATEMENT OF 2017 APPROPRIATION RESERVES
SWIMMING POOL UTILITY OPERATING FUND**

	Balance, January 1, <u>2018</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating				
Salaries and Wages	\$ 36	\$ 36		\$ 36
Other Expenses	16,259	41,039	\$ 24,250	16,789
Statutory Expenditures				
Contribution to Social Security System (O.A.S.I.)	<u>41</u>	<u>41</u>	<u>-</u>	<u>41</u>
	<u>\$ 16,336</u>	<u>\$ 41,116</u>	<u>\$ 24,250</u>	<u>\$ 16,866</u>
		\$ 16,336		
		<u>24,780</u>		
		<u>\$ 41,116</u>		
			<u>\$ 24,250</u>	

**BOROUGH OF CRESSKILL
STATEMENT OF RESERVE FOR SWIM AND DIVE TEAM
SWIMMING POOL UTILITY OPERATING FUND**

Balance, January 1, 2018	\$ 6,258
Increased by:	
Cash Receipts	<u>4,000</u>
	10,258
Decreased by:	
Cash Disbursements	<u>1,192</u>
Balance, December 31, 2018	<u>\$ 9,066</u>

**STATEMENT OF SNACK BAR SECURITY DEPOSIT
SWIMMING POOL UTILITY OPERATING FUND**

Increased by:	
Cash Receipts	\$ 500
Decreased by:	
Cash Disbursements	<u>250</u>
Balance, December 31, 2018	<u>\$ 250</u>

**BOROUGH OF CRESSKILL
STATEMENT OF ENCUMBRANCES PAYABLE
SWIMMING POOL UTILITY OPERATING FUND**

Balance, January 1, 2018	\$ 24,780
Increased by:	
Charges to 2018 Budget Appropriations	<u>28,024</u>
	52,804
Decreased by:	
Transfer to Appropriation Reserves	<u>24,780</u>
Balance, December 31, 2018	<u>\$ 28,024</u>

**BOROUGH OF CRESSKILL
BERGEN COUNTY, NEW JERSEY**

**PART II
GOVERNMENT AUDITING STANDARDS**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Cresskill
Cresskill, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements—regulatory basis of the Borough of Cresskill 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 May 21, 2019. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements and was modified on the regulatory basis of accounting because of the omission of OPEB note disclosure.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Cresskill's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Cresskill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Cresskill's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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

Purpose of this Report

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


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
May 21, 2019

**BOROUGH OF CRESSKILL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2018**

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenues</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, December 31, 2018</u>	<u>Cumulative Expenditures</u>
<u>Law & Public Safety</u>										*
Drunk Driving Enforcement	20.601	2014	\$ 2,662		\$ 2,662				\$ 2,662	*
		2017	8,288		2,266				2,266	*
					-	-	-	-	-	*
					<u>\$ 4,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,928</u>	*

Note: This schedule was not subject to Single Audit in accordance with U.S. Uniform Guidance.

**BOROUGH OF CRESSKILL
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Received</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2018</u>	<u>Cumulative Expenditures</u>
Department of Environmental Protection										
Recycling Tonnage Grant	4900-752-001	2017	\$ 11,311			\$ 11,311			\$ 11,311	*
		2016	9,498		\$ 9,498				9,498	*
		2015	10,291		10,291				10,291	*
		2014	12,174		12,174				12,174	*
		2013	9,628		9,628				9,628	*
		2012	11,164		11,164				11,164	*
		2011	24,503		24,503				24,503	*
Clean Communities Program										
	4900-765-004-178910	2018	16,924	\$ 16,924		16,924	\$ 12,568		4,356	*
		2017	17,690		2,800				2,800	*
		2016	20,822		5,462				5,462	*
		2015	18,210		3,869				3,869	*
		2013	15,977		6,165				6,165	*
		2012	13,888		9,889				9,889	*
Municipal Drug & Alcohol Alliance Program (Passed thru Bergen County Dept. of Health)										
	N/A	2018	9,876	5,619		9,876	7,690		2,186	*
		2017	9,876		2,374			\$ 2,469	4,843	*
Department of Law & Public Safety- Division of Criminal Justice										
Body Armor Replacement Fund	1020-718-001-090160	2017	2,268		1,107				1,107	*
Judiciary Municipal Courts										
Alcohol Education	9735-760-001-060000	2016	121		121				121	*
		2014	177		177				177	*
		2013	317		317				317	*
		2012	108		108				108	*
		2011	324		324				324	*
		2010	603		603				603	*
		2009	324		324				324	*
					<u>324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324</u>	*
					<u>\$ 110,898</u>	<u>\$ 38,111</u>	<u>\$ 20,258</u>	<u>\$ 2,469</u>	<u>\$ 131,220</u>	*

This schedule is not subject to Single Audit in accordance with NJ OMB Circular 15-08.

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

**BOROUGH OF CRESSKILL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	-	\$ 38,111	\$ 38,111
General Capital Fund	-	-	-
	<u>-\$</u>	<u>\$ 38,111</u>	<u>\$ 38,111</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF CRESSKILL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Modified, Presentation of Unaudited LOSAP Fund and Omission of OPEB Note Disclosure</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	_____ yes	<u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Noncompliance material to the financial statements noted?	_____ yes	<u> X </u> no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF CRESSKILL
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part II -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**BOROUGH OF CRESSKILL
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR STATE AWARDS

Not Applicable.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

**BOROUGH OF CRESSKILL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF CRESSKILL

BERGEN COUNTY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

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

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,950,000	3.52 %	\$ 1,850,000	3.45 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,561,256	4.62	2,487,152	4.64
Collection of Delinquent Taxes and Tax Title Liens	723,861	1.31	696,670	1.30
Collection of Current Tax Levy	49,613,385	89.48	48,070,732	89.76
Other Credits to Income	<u>607,938</u>	<u>1.07</u>	<u>457,617</u>	<u>0.85</u>
Total Income	<u>55,456,440</u>	<u>100.00 %</u>	<u>53,562,171</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	18,619,523	34.85 %	17,946,913	34.80 %
County and Open Space Taxes	5,597,789	10.48	5,754,709	11.16
Local School Taxes	29,200,584	54.65	27,850,539	54.00
Other Expenditures	<u>12,050</u>	<u>0.02</u>	<u>20,729</u>	<u>0.04</u>
Total Expenditures	<u>53,429,946</u>	<u>100.00 %</u>	<u>51,572,890</u>	<u>100.00 %</u>
Excess in Revenue	2,026,494		1,989,281	
Fund Balance, January 1	<u>2,576,960</u>		<u>2,437,679</u>	
	4,603,454		4,426,960	
Less Utilization as Anticipated Revenue	<u>1,950,000</u>		<u>1,850,000</u>	
Fund Balance, December 31	<u>\$ 2,653,454</u>		<u>\$ 2,576,960</u>	

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
SWIMMING POOL UTILITY OPERATING FUND**

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 70,000	18.71 %	\$ 70,000	18.09 %
Collection of Membership Fees	269,360	72.01	279,605	72.25
Miscellaneous - From Other Than Membership Fees	<u>34,724</u>	<u>9.28</u>	<u>37,380</u>	<u>9.66</u>
Total Income	<u>374,084</u>	<u>100.00 %</u>	<u>386,985</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	308,000	91.94 %	305,000	92.42 %
Deferred Charges and Statutory Expenditures	<u>27,000</u>	<u>8.06</u>	<u>25,000</u>	<u>7.58</u>
Total Expenditures	<u>335,000</u>	<u>100.00 %</u>	<u>330,000</u>	<u>100.00 %</u>
Excess in Revenue	39,084		56,985	
Fund Balance, January 1	<u>118,108</u>		<u>131,123</u>	
	157,192		188,108	
Less Utilization as Anticipated Revenue	<u>70,000</u>		<u>70,000</u>	
Fund Balance, December 31	<u>\$ 87,192</u>		<u>\$ 118,108</u>	

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

Comparative Schedule Of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$2.399</u>	<u>\$2.722</u>	<u>\$2.641</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.713	.808	.783
Municipal Open Space Preservation	.010	.010	.010
County (including Open Space Tax)	.255	.309	.295
Local School	1.385	1.554	1.513
Library	.036	.041	.040
<u>Assessed Valuation</u>			
2018	<u>\$2,108,280,700</u>		
2017	<u>\$1,792,318,500</u>		
2016	<u>\$1,778,300,300</u>		

Comparison Of Tax Levies And Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2018	\$ 50,678,677	\$ 49,613,385	97.89%
2017	49,053,337	48,070,732	97.99%
2016	47,236,298	46,226,975	97.86%

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

Delinquent Taxes And Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 783,516	\$ 97,927	\$ 881,443	1.74%
2017	723,270	90,605	813,875	1.66%
2016	696,420	83,239	779,659	1.65%

Property Acquired By Tax Title Lien Liquidation

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

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

<u>Year</u>	<u>Amount</u>
2018	\$38,600
2017	38,600
2016	38,600

Comparative Schedule Of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2018	\$2,653,454	\$2,100,000
	2017	2,576,960	1,950,000
	2016	2,437,679	1,850,000
Swimming Pool Utility Operating Fund	2018	\$87,192	\$70,000
	2017	118,108	70,000
	2016	131,123	70,000

**BOROUGH OF CRESSKILL
SUPPORTING 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>Corporate Surety</u>
Benedict Romeo	Mayor		
Simone Tsigounis	Council Member		
Gregory Mueller	Council Member		
Mark Spina	Council Member		
James Cleary	Council Member		
Hector Olmo	Council Member		
Kathleen Savas	Council Member		
Francesca Maragliano	Borough Clerk		
Harold Laufeld, III	Chief Financial Officer	\$1,000,000	Municipal Excess Liability Joint Insurance Fund
Allen M. Bell	Magistrate		
Craig Ferdinand	Court Administrator		
Robert Rusch	Construction Code Official		
James Hoffman	Electrical Sub-Code Official		
Michael Sestanovich	Plumbing Sub-Code Official		
Paul Renaud	Fire Official		
James Anzevino	Tax Assessor		

The Bergen County Municipal Joint Insurance Fund and Hartford Fire Insurance Company provide a blanket position bond in the amount of \$1,000,000.

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

GENERAL COMMENTS

Prior Year Unresolved

Our audit of the Police Department revealed that the department offers compensatory time in lieu of overtime to police personnel to perform certain police functions. This compensatory time may be used for time off at a future date. It was also noted that most police personnel have an accumulation of compensatory time. There is no reference to the accumulation of compensatory time in the police contract. It is recommended that the Borough's policy regarding the accumulation of compensatory time be memorialized in the Police Department's union contract or in a memorandum of understanding.

Contracts And Contracts Required To Be Advertised For NJS 40A:11-4

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

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid within the fiscal year. Where a question arises as to whether any contract 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 resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "professional services" per N.J.S. 40A:11-5.

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

2018 Road Improvement

Our examination of expenditures revealed no instances where individual payments exceeded the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

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

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

GENERAL COMMENTS (Continued)

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 non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 3, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Cresskill, County of Bergen, State of New Jersey, that the penalty upon delinquent taxes and assessments be fixed at the rate of eight (8%) per centum per annum on the first \$1,500 of the delinquency and twelve (12%) per centum per annum on any amount in excess of \$1,500 and that no penalty be imposed if payment upon taxes or assessments becomes due and payable and the Collector is hereby authorized and empowered to waive any penalty for interest, provided said taxes and assessments are paid before the expiration of ten (10) days after each quarterly payment of taxes and assessments become due.

BE IT FURTHER RESOLVED, that this resolution shall be effective immediately and that the penalty rate herein fixed for assessments shall not apply where there is a specific ordinance fixing a penalty rate for a specific assessment."

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

Delinquent Taxes And Tax Title Liens

A tax sale was held on November 29, 2018.

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	5
2017	5
2016	5

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

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The Borough's policy regarding the accumulation of compensatory time be memorialized in the Police Department's union contract or in a memorandum of understanding.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except for those recommendations denoted above with an asterisk (*).

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

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



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



Paul J. Lerch
Certified Public Accountant
RMA Number CR00457