

BOROUGH OF CRESSKILL
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2017

BOROUGH OF CRESSKILL

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>Part I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
Independent Auditor’s Report		1-3
Financial Statements		
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-15
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	16-17
B-1	Statement of Revenues – Regulatory Basis – Open Space Preservation Trust Fund	18
B-2	Statement of Appropriations – Regulatory Basis – Open Space Preservation Trust Fund	18
B-3	Statement of Revenues – Regulatory Basis – Assessment Trust Fund	19
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	20
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	21
D	Comparative Balance Sheets – Regulatory Basis - Swimming Pool Utility Fund	22
D-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Swimming Pool Utility Operating Fund	23
D-2	Statement of Revenues – Regulatory Basis - Swimming Pool Utility Operating Fund	24
D-3	Statement of Expenditures – Regulatory Basis – Swimming Pool Utility Operating Fund	25
D-4	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Swimming Pool Utility Capital Fund	26
E	Comparative Balance Sheet – Regulatory Basis – General Fixed Assets Account Group	27
Notes to Financial Statements		28-62
Supplementary Schedules		
<u>Current Fund</u>		
A-4	Statement of Current Cash - Collector-Treasurer	63
A-5	Statement of Change Fund	64
A-6	Statement of Petty Cash	64
A-7	Statement of Grants Receivable	64
A-8	Statement of Due To State of New Jersey Senior Citizens' and Veterans' Deductions	65
A-9	Statement of Taxes Receivable and Analysis of Property Tax Levy	66
A-10	Statement of Tax Title Liens	67
A-11	Statement of Property Acquired for Taxes (At Assessed Valuation)	67

BOROUGH OF CRESSKILL

TABLE OF CONTENTS (Continued)

Exhibits

Page

Supplementary Schedules (Continued)

Current Fund (Continued)

A-12	Statement of Revenue Accounts Receivable	68
A-13	Statement of 2016 Appropriation Reserves	69-70
A-14	Statement of Encumbrances Payable	71
A-15	Statement of Accounts Payable	71
A-16	Statement of Other Fees Payable	71
A-17	Statement of Prepaid Taxes	72
A-18	Statement of Tax Overpayments	72
A-19	Statement of County Taxes Payable	73
A-20	Statement of Due County for Added Taxes	73
A-21	Statement of Local District School Taxes Payable	74
A-22	Statement of Miscellaneous Reserves	75
A-23	Statement of Appropriated Reserves	75
A-24	Statement of Reserves for Tax Appeals Pending	76
A-25	Statement of Reserves for Tax Title Lien Redemption	76
A-26	Statement of Reserve for Grants – Unappropriated	76

Trust Fund

B-4	Statement of Trust Fund Cash and Investments-- Collector and Treasurer	77
B-5	Analysis of Assessment Cash	78
B-6	Statement of Assessments Receivable – Assessment Trust Fund	79
B-7	Statement of Reserve for Assessments and Liens – Assessment Trust Fund	79
B-8	Statement of Due to Current Fund – Assessment Trust Fund	80
B-9	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	81
B-10	Statement of Due To State of New Jersey - Animal Control Fund	81
B-11	Statement of Due to Current Fund – Animal Control Fund	82
B-12	Statement of Reserve for Unemployment Insurance Claims – Unemployment Compensation Insurance Trust Fund	82
B-13	Statement of Due To State of New Jersey Unemployment Compensation Insurance Trust Fund	83
B-14	Statement of Due to Current Fund – Unemployment Compensation Insurance Trust Fund	83
B-15	Statement of Police Outside Services Receivable – Other Trust Fund	84
B-16	Statement of Due to Current Fund – Other Trust Fund	84
B-17	Statement of Reserve for Escrow Deposits – Other Trust Fund	85
B-18	Statement of Reserve for Street Opening Deposits – Other Trust Fund	85
B-19	Statement of Reserve for Affordable Housing Trust – Other Trust Fund	86
B-20	Statement of Reserve for Payroll Salaries and Withholdings – Other Trust Fund	86
B-21	Statement of Reserve for Miscellaneous Reserves and Deposits – Other Trust Fund	87
B-22	Statement of Reserve for Police Outside Services – Other Trust Fund	87
B-23	Statement of Reserve for Open Space Preservation Trust Fund – Open Space Preservation Trust Fund	88

BOROUGH OF CRESSKILL

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
	Supplementary Schedules (Continued)	
	<u>General Capital Fund</u>	
C-2	Statement of Cash - General Capital Fund	89
C-3	Analysis of General Capital Cash	90
C-4	Statement of Deferred Charges to Future Taxation - Funded	91
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	92
C-6	Statement of Grants Receivable	93
C-7	Statement of Capital Improvement Fund	94
C-8	Statement of Encumbrances Payable	94
C-9	Statement of Improvement Authorizations	95
C-10	Statement of Bond Anticipation Notes	96
C-11	Statement of Serial Bonds	97
C-12	Statement of Due to Current Fund	98
C-13	Statement of Reserve for Defibrillator	98
C-14	Statement of Reserve for Payment of Bonds	99
C-15	Statement of Reserve for Improvements to Firehouse	99
C-16	Statement of Due From Cresskill Board of Education - Lease	99
C-17	Statement of Bonds and Notes Authorized But Not Issued	100
	<u>Swimming Pool Utility Fund</u>	
D-5	Statement of Swimming Pool Utility Cash - Collector-Treasurer	101
D-6	Analysis of Swimming Pool Utility Capital Cash-Swimming Pool Utility Capital Fund	102
D-7	Statement of Fixed Capital – Swimming Pool Utility Capital Fund	103
D-8	Statement of Due to Swim Pool Utility Operating Fund – Swimming Pool Capital Fund	103
D-9	Statement of Due to Municipal Open Trust Fund – Swimming Pool Capital Fund	103
D-10	Statement of Fixed Capital Authorized and Uncompleted- Swimming Pool Utility Capital Fund	104
D-11	Statement of Improvement Authorizations-Swimming Pool Utility Capital Fund	104
D-12	Statement of Reserve for Amortization-Swimming Pool Utility Capital Fund	105
D-13	Statement of Capital Improvement Fund-Swimming Pool Utility Capital Fund	105
D-14	Statement of Deferred Reserve for Amortization-Swimming Pool Utility Capital Fund	105
D-15	Statement of Bonds and Notes Authorized But Not Issued Swimming Pool Utility Capital Fund	106
D-16	Statement of 2016 Appropriation Reserves-Swimming Pool Utility Operating Fund	107
D-17	Statement of Reserve for Swim and Dive Team – Swimming Pool Utility Operating Fund	108
D-18	Statement of Snack Bar Security Deposit – Swimming Pool Utility Operating Fund	108
D-19	Statement of Encumbrances Payable – Swimming Pool Utility Operating Fund	109

BOROUGH OF CRESSKILL

TABLE OF CONTENTS (Continued)

Exhibits

Page

Part II – Government Auditing Standards

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor's Report	110-111
Schedule of Expenditures of Federal Awards, Schedule A	112
Schedule of Expenditures of State Financial Assistance, Schedule B	113
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	114
Schedule of Findings and Responses	115-117
Schedule of Prior Year Audit Findings	118

Part III – Supplementary Data and Letter of Comments and Recommendations

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	119
Comparative Statement of Operations and Changes in Fund Balance - Swimming Pool Utility Operating Fund	120
Comparative Schedule of Tax Rate Information	121
Comparison of Tax Levies and Collection Currently	121
Delinquent Taxes and Tax Title Liens	122
Property Acquired by Tax Title Lien Liquidation	122
Comparative Schedule of Fund Balances	122
Officials in Office and Surety Bonds	123
General Comments	124-125
Recommendations	126

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

**PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2017**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLSI, CPA, PSA

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, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of 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, 2017 and 2016, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information


Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of 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 April 27, 2018 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
April 27, 2018

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	A-4	\$ 16,914,974	\$ 9,716,642
Change Fund	A-5	150	150
Grant Receivable	A-7	<u>6,704</u>	<u>5,580</u>
		<u>16,921,828</u>	<u>9,722,372</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-9	723,270	696,420
Tax Title Liens	A-10	90,605	83,239
Property Acquired for Taxes - Assessed Valuation	A-11	38,600	38,600
Revenue Accounts Receivable	A-12	23,981	2,518
Due from General Capital Fund	C-12	1,239	186
Due from Animal Control Fund	B-11	8	1
Due from Assessment Trust Fund	B-8	2	
Due from Unemployment Trust Fund	B-14	8	
Due from Other Trust Fund	B-16	<u>12,221</u>	<u>1,025</u>
		<u>889,934</u>	<u>821,989</u>
Total Assets		<u>\$ 17,811,762</u>	<u>\$ 10,544,361</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-13	\$ 1,023,589	\$ 878,953
Encumbrances Payable	A-14	228,321	219,194
Accounts Payable	A-15	1,614	4,814
Other Fees Payable	A-16	4,508	2,673
Miscellaneous Reserves	A-22	288,744	169,927
Appropriated Reserves	A-23	97,906	84,385
Unappropriated Reserves	A-26	11,311	
Due to State of NJ - Senior & Veterans	A-8	8,229	8,229
Prepaid Taxes	A-17	6,669,826	284,849
Tax Overpayments	A-18	38,003	68,797
Local District School Taxes Payable	A-21	5,537,907	5,110,369
Reserve for Tax Appeals Pending	A-24	<u>434,910</u>	<u>452,503</u>
		<u>14,344,868</u>	<u>7,284,693</u>
Reserve for Receivables and Other Assets	A	889,934	821,989
Fund Balance	A-1	<u>2,576,960</u>	<u>2,437,679</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 17,811,762</u>	<u>\$ 10,544,361</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, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,850,000	\$ 1,700,000
Miscellaneous Revenue Anticipated	A-2	2,182,248	2,307,108
Receipts from Delinquent Taxes	A-2	696,670	726,040
Receipts from Current Taxes	A-2	48,070,732	46,226,975
Non-Budget Revenue	A-2	304,904	317,020
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	452,127	496,450
Prior Year Interfunds Returned	A	1,212	4,073
Cancellation of Appropriated Reserves	A-23	1,078	51,990
Cancellation of Accounts Payable	A-15	3,200	
Cancellation of Other Fees Payable	A-1		4,109
Cancellation of Tax Overpayments	A-1	-	35
		<u>53,562,171</u>	<u>51,833,800</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	8,382,400	8,173,100
Other Expenses	A-3	6,344,803	6,107,914
Capital Improvements	A-3	175,000	150,000
Municipal Debt Service	A-3	1,386,822	1,227,452
Deferred Charges and Statutory Expenditures	A-3	1,657,888	1,672,446
County Taxes	A-19	5,322,069	5,189,440
Due County for Added Taxes	A-20	252,430	83,939
Municipal Open Space Tax	B-23	180,210	178,858
Local District School Taxes	A-21	27,850,539	26,897,333
Refund Prior Year Revenue	A-4	3,068	10,617
Prior Year Senior Citizen's Deductions Disallowed	A-8	250	484
Refund of Prior Year Tax Overpayment	A-1		33,845
Cancellation of Grants Receivable	A-7	3,933	2,125
Current Year Interfunds Established	A	13,478	1,212
		<u>51,572,890</u>	<u>49,728,765</u>
Excess in Revenue		1,989,281	2,105,035
Fund Balance, January 1	A,A-1	<u>2,437,679</u>	<u>2,032,644</u>
		4,426,960	4,137,679
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>1,850,000</u>	<u>1,700,000</u>
Fund Balance, December 31	A	<u>\$ 2,576,960</u>	<u>\$ 2,437,679</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, 2017

	<u>Reference</u>	<u>Budget</u>	<u>Added by:</u> <u>N.J.S.40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,850,000	-	\$ 1,850,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	8,900		9,168	\$ 268
Other	A-2	14,000		14,650	650
Fees and Permits					
Other	A-2	110,000		126,653	16,653
Fines and Costs - Municipal Court	A-12	30,000		50,873	20,873
Interest and Costs on Taxes	A-12	100,000		109,460	9,460
Interest on Investments and Deposits	A-2	20,000		48,640	28,640
Energy Receipts Tax	A-12	818,122		818,122	-
Uniform Construction Code Fees	A-12	225,000		323,646	98,646
Recycling Tonnage Grant	A-7	9,498		9,498	-
Municipal Alliance on Alcoholism and Drug Abuse	A-7	9,876		9,876	-
Body Armor Grant	A-7		\$ 2,268	2,268	
Clean Communities Program	A-7		17,690	17,690	
Distracted Driving	A-7		5,500	5,500	
Drunk Driving Enforcement	A-7		8,288	8,288	
Uniform Fire Safety Act	A-12	3,800		5,490	1,690
Reserve for Payment of Bonds	A-12,C-14	11,120		11,120	
Capital Fund Balance	A-12,C-1	114,440		114,440	
Assessment Trust Fund Balance	B-3	9,000		9,000	
Payment In Lieu of Taxes-Cresskill Residential	A-12	118,116		118,147	31
Payment In Lieu of Taxes-6 Madison Ave	A-12	41,225		41,086	(139)
Ambulance Billing - Third Party	A-12	275,000	-	328,633	53,633
Total Miscellaneous Revenues	A-1	1,918,097	33,746	2,182,248	230,405
RECEIPTS FROM DELINQUENT TAXES	A-1,A-9	585,000	-	696,670	111,670
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Minimum Library Tax		733,803		733,803	-
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes		14,478,200	-	15,229,681	751,481
	A-2	15,212,003	-	15,963,484	751,481
Budget Totals	A-3	\$ 19,565,100	\$ 33,746	20,692,402	\$ 1,093,556
Non-Budget Revenue	A-1,A-2			304,904	
				\$ 20,997,306	

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, 2017
(Continued)

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Revenue from Collections	A-1, A-9	\$ 48,070,732
Allocated School, County and Open Space Taxes	B-23,A-19,A-20,A-21	<u>33,605,248</u>
Balance for Support of Municipal Budget Appropriations		14,465,484
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,498,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 15,963,484</u>
Licenses - Other		
Borough Clerk	A-12	\$ 4,075
Board of Health	A-12	<u>10,575</u>
	A-2	<u>\$ 14,650</u>
Fees and Permits		
Borough Clerk	A-12	\$ 39,596
Planning Board	A-12	5,630
Zoning Board	A-12	2,315
Tax Collector	A-12	73,377
Fire Prevention	A-12	3,147
Police Department	A-12	878
Board of Health	A-12	<u>1,710</u>
	A-2	<u>\$ 126,653</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 43,587
Due from Assessment Trust Fund	B-8	4
Due from Animal Control Fund	B-11	34
Due from Other Trust Fund	B-16	1,068
Due from Unemployment Trust Fund	B-14	65
Due from General Capital Fund	C-12	<u>3,882</u>
	A-2	<u>\$ 48,640</u>

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

Analysis of Non-Budget Revenue		
Cell Tower Rent		\$ 143,203
Cable Franchise Fees		37,460
Sale of Assets		29,986
Admin Fee - Outside Police Duty		21,107
Rental Agreement - Tallman House		15,000
Miscellaneous		14,999
Cancellation of Trust Reserves		10,902
Insurance Refund		12,743
Rental of Soccer Field		8,750
Snowplowing Reimbursements		7,750
Cat Licenses		1,314
Admin Fee - Senior and Veteran's Discount		1,045
Interest on Assessments		<u>645</u>
	A-1,A-2	<u>\$ 304,904</u>
Due from Other Trust Fund	B-16	\$ 10,902
Non Budget Revenue	A-2	292,043
Due from Assessment Trust	B-8	645
Due from Animal Control	B-11	<u>1,314</u>
Total Non Budget Revenue	A-1	<u>\$ 304,904</u>

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

	<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	\$ 28,000		\$ 28,000	
Mayor and Council					
Other Expenses	19,500	19,500	\$ 16,702	2,798	
Municipal Clerk					
Salaries and Wages	300,000	300,000	278,024	21,976	
Other Expenses	49,000	49,000	38,856	10,144	
Financial Administration					
Salaries and Wages	240,000	240,000	229,963	10,037	
Other Expenses	63,000	60,500	54,323	6,177	
Audit Services					
Other Expenses	45,500	45,500	43,980	1,520	
Computerized Data					
Other Expenses	51,000	56,000	50,754	5,246	
Revenue Administration					
Salaries and Wages	69,000	69,000	66,571	2,429	
Other Expenses	12,000	9,500	5,855	3,645	
Tax Assessment Administration					
Salaries and Wages	38,000	38,000	36,123	1,877	
Other Expenses	50,000	110,000	104,081	5,919	
Legal Services and Costs					
Other Expenses	150,000	125,000	113,163	11,837	
Engineering Services and Costs					
Other Expenses	55,000	55,000	37,150	17,850	
Historical Committee					
Other Expenses	3,000	3,000	210	2,790	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	14,000	14,000	13,829	171	
Other Expenses	25,000	25,000	20,172	4,828	
Zoning Board of Adjustment					
Salaries and Wages	4,100	4,600	3,888	712	
Other Expenses	6,800	6,300	4,318	1,982	
INSURANCE					
Unemployment Insurance	40,001	40,001	40,001		
General Liability	229,800	229,800	225,311	4,489	
Workman's Compensation	242,500	242,500	242,461	39	
Employee Group Health	1,165,000	1,165,000	1,152,807	12,193	
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	50,000	50,000	42,612	2,388	\$ 5,000
Other Expenses	6,200	6,200	5,112	1,088	

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, 2017

	<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	\$ 3,780,000	\$ 3,780,000	\$ 3,527,354	\$ 252,646	
Salaries and Wages - School Marshals	290,000	290,000	271,457	8,543	\$ 10,000
Salaries and Wages - Specials	10,000	10,000	4,613	5,387	
Other Expenses	225,300	225,300	189,063	21,237	15,000
Emergency Management Services					
Salaries and Wages	8,000	8,000	8,000	-	
Other Expenses	18,000	18,000	6,302	11,698	
Emergency Medical Service					
Salaries and Wages - Ambulance	360,000	360,000	338,355	21,645	
Other Expenses - Contribution	55,000	70,000	59,034	10,966	
Fire					
Fire Sub Code Salaries and Wages	475,000	487,000	479,490	7,510	
Other Expenses	107,750	80,750	41,154	24,596	15,000
Fire Hydrant Service	148,000	148,000	143,531	4,469	
Municipal Prosecutor					
Contractual	15,100	15,100	13,022	2,078	
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages - Regular	2,200,000	2,195,000	2,014,560	150,440	30,000
Salaries and Wages - Snow Removal	73,000	73,000	52,448	20,552	
Other Expenses	138,500	138,500	68,462	40,038	30,000
Other Public Works Functions					
Shade Tree Commission					
Other Expenses	7,200	7,200	477	6,723	
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	241,000	241,000	228,442	12,558	
Buildings and Grounds					
Salaries and Wages	40,000	40,000	30,145	9,855	
Other Expenses	105,000	105,000	98,236	6,764	
Vehicle Maintenance					
Other Expenses	100,000	105,000	101,594	3,406	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages	42,000	42,000	40,586	1,414	
Other Expenses	7,400	7,400	2,294	5,106	
Environmental Commission					
(NJS 40:56-1 seq.)					
Other Expenses	5,000	5,000	1,880	3,120	
Animal Control Services					
Other Expenses	6,000	6,000	6,000		
Welfare/Administration of Public Service					
Salaries and Wages	8,000	10,000	9,569	431	
Other Expenses	500	500	-	500	

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, 2017

	<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	\$ 148,000	\$ 148,000	\$ 134,650	\$ 13,350	
Other Expenses	42,700	42,700	40,536	2,164	
Senior Citizens					
Salaries and Wages	65,000	65,000	61,866	3,134	
Other Expenses	29,350	29,350	25,330	4,020	
Maintenance of Parks					
Other Expenses	31,750	31,750	12,780	18,970	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	16,000	16,000	4,252	11,748	
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	161,000	161,000	114,376	6,624	\$ 40,000
Other Expenses	18,000	18,000	7,883	5,117	5,000
Sub-Code Officials					
Plumbing Inspector					
Salaries and Wages	14,000	14,000	12,700	1,300	
Electrical Inspector					
Salaries and Wages	16,000	16,000	11,537	4,463	
Fire Inspector					
Salaries and Wages	8,300	8,300	5,125	3,175	
Other Expenses	4,500	4,500	2,317	2,183	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	125,000	125,000	115,589	9,411	
Street Lighting	112,000	112,000	93,231	18,769	
Telephone	68,000	73,000	71,086	1,914	
Natural Gas	40,000	40,000	35,875	4,125	
Gasoline	90,000	90,000	74,760	15,240	
Water	33,000	28,000	20,154	7,846	
Sewer System - Other Expenses	36,000	36,000	16,307	19,693	

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, 2017

	<u>Appropriated</u>	<u>Expended</u>		
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)				
LANDFILL/SOLID WASTE DISPOSAL				
COSTS				
Dumping Fees	\$ 250,000	\$ 240,000	\$ 238,210	\$ 1,790
				-
Total Operations Within "CAPS"	13,153,151	13,153,151	12,029,083	974,068
				\$ 150,000
Total Operations Including Contingent Within "CAPS"	13,153,151	13,153,151	12,029,083	974,068
				150,000
Detail:				
Salaries and Wages	8,484,900	8,467,400	7,802,263	580,137
Other Expenses	4,668,251	4,685,751	4,226,820	393,931
				65,000
DEFERRED CHARGES AND				
STATUTORY EXPENDITURES -				
MUNICIPAL WITHIN "CAPS"				
Statutory Charges				
Contribution to:				
Defined Contribution Retirement Program	25,000	25,000	23,488	1,512
Social Security System (O.A.S.I.)	365,000	365,000	354,574	10,426
Police and Firemen Retirement System	858,356	863,256	863,173	83
Public Employees' Retirement System	409,532	404,632	390,810	13,822
				-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,657,888	1,657,888	1,632,045	25,843
				-
Total General Appropriations for Municipal Purposes - Within "CAPS"	14,811,039	14,811,039	13,661,128	999,911
				150,000
OPERATIONS - EXCLUDED FROM "CAPS"				
EDUCATION FUNCTIONS				
Maintenance of Free Public Library	733,803	733,803	733,803	
SEWERAGE PROCESSING AND DISPOSAL				
Bergen County Utilities Authority-Sewer Fees	763,093	763,093	763,092	1
OTHER COMMON OPERATING FUNCTIONS				
Tax Appeals	50,000	50,000	50,000	
Recycling Tax	12,000	12,000	9,900	2,100

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, 2017

	<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	\$ 16,000	\$ 16,000	\$ 16,000	-
Total Other Operations Excluded from "CAPS"	1,574,896	1,574,896	1,572,795	\$ 2,101
Interlocal Municipal Service Agreements				
Police Dispatch 911	5,000	5,000	5,000	
Interlocal Recycling - Alpine	62,500	62,500	62,500	
Interlocal Public Health Services - County of Bergen	30,000	30,000	28,937	1,063
Total Interlocal Municipal Service Agreements	97,500	97,500	96,437	1,063
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	7,502	2,374
Alcohol Education Rehabilitation				
State Recycling Grant	9,498	9,498		9,498
Clean Communities Grant		17,690	14,890	2,800
Body Armor Fund Grant		2,268	1,161	1,107
Drunk Driving Enforcement Fund		8,288	6,022	2,266
Distracted Driving	-	5,500	1,567	-
Total Public and Private Programs Offset By Revenues	21,843	55,589	31,142	20,514
Total Operations Excluded from "CAPS"	1,694,239	1,727,985	1,700,374	23,678
Detail:				
Other Expenses	1,694,239	1,727,985	1,700,374	23,678

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, 2017

	<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	\$ 175,000	\$ 175,000	\$ 175,000	-	-
Total Capital Improvements	175,000	175,000	175,000	-	-
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	150,000	150,000	150,000		
Interest on Bonds	208,205	208,205	208,205		
Interest on Notes	28,617	28,617	28,617	-	-
Total Municipal Debt Service Excluded from "CAPS"	1,386,822	1,386,822	1,386,822	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,256,061	3,289,807	3,262,196	\$ 23,678	\$ 3,933
Subtotal General Appropriations	18,067,100	18,100,846	16,923,324	1,023,589	153,933
Reserve for Uncollected Taxes	1,498,000	1,498,000	1,498,000	-	-
Total General Appropriations	\$ 19,565,100	\$ 19,598,846	\$ 18,421,324	\$ 1,023,589	\$ 153,933
	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, 2017**

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-2	\$ 19,565,100	
Added by N.J.S. 40A:4-87	A-2	<u>33,746</u>	
		<u>\$ 19,598,846</u>	
Cash Disbursed	A-4		\$ 16,645,003
Reserve for Uncollected Taxes	A-2		1,498,000
Encumbrances Payable	A-14		228,321
Reserve for Tax Appeals	A-24		<u>50,000</u>
			<u>\$ 18,421,324</u>

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
ASSESSMENT TRUST FUND			
Cash	B-4,B-5	\$ 3,311	\$ 9,084
Assessments Receivable	B-6	<u>12,902</u>	<u>16,127</u>
		<u>16,213</u>	<u>25,211</u>
ANIMAL CONTROL FUND			
Cash	B-4	<u>14,072</u>	<u>15,509</u>
OTHER TRUST FUND			
Cash	B-4	2,005,151	1,725,283
Police Outside Services Receivable	B-15	<u>49,600</u>	<u>49,133</u>
		<u>2,054,751</u>	<u>1,774,416</u>
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND			
Cash	B-4	<u>7,866</u>	<u>14,213</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-4	911,309	769,648
Due From Swim Pool Utility Capital Fund	D-9	<u>44,000</u>	<u>60,000</u>
		<u>955,309</u>	<u>829,648</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	538,306	467,273
Contribution Receivable	B	<u>9,854</u>	<u>6,519</u>
		<u>548,160</u>	<u>473,792</u>
Total Assets		<u>\$ 3,596,371</u>	<u>\$ 3,132,789</u>

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ASSESSMENT TRUST FUND			
Reserve for			
Assessment and Liens	B-7	\$ 12,902	\$ 16,127
Due to Current Fund	B-8	2	
Fund Balance	B-3	<u>3,309</u>	<u>9,084</u>
		<u>16,213</u>	<u>25,211</u>
ANIMAL CONTROL FUND			
Due to Current Fund	B-11	8	1
Due to State of New Jersey	B-10		1
Reserve for Animal Control Expenditures	B-9	<u>14,064</u>	<u>15,507</u>
		<u>14,072</u>	<u>15,509</u>
OTHER TRUST FUND			
Due to Current Fund	B-16	12,221	1,025
Reserve for			
Escrow Deposits	B-17	301,100	291,417
Street Opening Deposits	B-18	3,150	6,980
Affordable Housing Trust	B-19	1,419,847	1,118,980
Payroll Salaries and Withholdings	B-20	3,401	57,331
Miscellaneous Reserves and Deposits	B-21	241,067	224,721
Police Outside Services	B-22	<u>73,965</u>	<u>73,962</u>
		<u>2,054,751</u>	<u>1,774,416</u>
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND			
Due to Current Fund	B-14	8	
Due to State of New Jersey	B-13	555	15
Reserve for Expenditures	B-12	<u>7,303</u>	<u>14,198</u>
		<u>7,866</u>	<u>14,213</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Expenditures	B-23	<u>955,309</u>	<u>829,648</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>548,160</u>	<u>473,792</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,596,371</u>	<u>\$ 3,132,789</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, 2017**

	<u>Reference</u>	<u>Anticipated Budget (Memo)</u>	<u>Realized in 2017</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-23	\$ 179,231	\$ 180,210	\$ 979
	B-2	<u>\$ 179,231</u>	180,210	<u>979</u>
Non-Budget Revenue	B-23		<u>5,338</u>	
			<u>\$ 185,548</u>	

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

		<u>Appropriated Budget (Memo)</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Reserve for Future Use		<u>\$ 179,231</u>	<u>\$ 59,887</u>	<u>\$ 119,344</u>
	<u>Reference</u>	<u>B-1</u>	<u>B-23</u>	

**BOROUGH OF CRESSKILL
COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	B	\$ 9,084	\$ 55,858
Increased by:			
Collections of Unpledged Assessment and Liens	B-7	<u>3,225</u>	<u>3,226</u>
		12,309	59,084
Decreased by:			
Payment to Current Fund as Anticipated Revenue	A-2	<u>9,000</u>	<u>50,000</u>
Balance, December 31	B	<u>\$ 3,309</u>	<u>\$ 9,084</u>

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	C-2,C-3	\$ 1,868,095	\$ 2,571,246
Grants Receivable	C-6	567,500	604,750
Due From Cresskill Board of Education	C-16	1,030,000	-
Deferred Charges to Future Taxation			
Funded	C-4	6,507,000	7,507,000
Unfunded	C-5	<u>8,834,750</u>	<u>6,911,500</u>
Total Assets		<u>\$ 18,807,345</u>	<u>\$ 17,594,496</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes	C-10	\$ 8,572,000	\$ 6,611,500
Serial Bonds	C-11	6,507,000	7,507,000
Encumbrances Payable	C-8	865,288	653,932
Due to Current Fund	C-12	1,239	186
Reserve for Defibrillator	C-13	7,499	12,316
Reserve for Improvements to Firehouse	C-15	200,000	200,000
Reserve for Payment of Bonds	C-14	36,625	11,120
Reserve for Grants Receivable	C-6	567,500	604,750
Reserve for Cresskill Board of Education Receivable	C-16	1,030,000	
Improvement Authorizations			
Funded	C-9	117,674	150,918
Unfunded	C-9	799,846	1,694,793
Capital Improvement Fund	C-7	99,040	33,540
Fund Balance	C-1	<u>3,634</u>	<u>114,441</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 18,807,345</u>	<u>\$ 17,594,496</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016 of \$300,000 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, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$ 114,441	\$ 249,441
Increased by:			
Premium on Notes Issued	C-2	<u>3,633</u>	<u>-</u>
		118,074	249,441
Decreased by:			
Anticipated as Current Fund Revenue	A-2, C-2	<u>114,440</u>	<u>135,000</u>
		<u>114,440</u>	<u>135,000</u>
Balance, December 31	C	<u>\$ 3,634</u>	<u>\$ 114,441</u>

**BOROUGH OF CRESSKILL
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIMMING POOL UTILITY FUND
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<u>OPERATING FUND</u>			
ASSETS			
Cash	D-5	\$ 165,473	\$ 194,171
Due from Swim Pool Utility Capital Fund	D-8	9	31
Total Assets		<u>\$ 165,482</u>	<u>\$ 194,202</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	D-3,D-16	\$ 16,336	\$ 13,275
Encumbrances Payable	D-19	24,780	40,315
Reserve for Swim and Dive Team	D-17	6,258	9,489
Fund Balance	D-1	118,108	131,123
Total Liabilities, Reserves and Fund Balance		<u>\$ 165,482</u>	<u>\$ 194,202</u>
<u>CAPITAL FUND</u>			
ASSETS			
Cash	D-5,D-6	\$ 17,230	\$ 17,252
Fixed Capital	D-7	781,973	781,973
Fixed Capital Authorized and Uncompleted	D-10	143,059	143,059
Total Assets		<u>\$ 942,262</u>	<u>\$ 942,284</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations - Unfunded	D-11	\$ 67,818	\$ 67,818
Reserve for Amortization	D-12	813,973	797,973
Reserve for Deferred Amortization	D-14	4,000	4,000
Due to Swim Pool Utility Operating Fund	D-8	9	31
Due to Municipal Open Space Trust Fund	D-9	44,000	60,000
Capital Improvement Fund	D-13	8,800	8,800
Fund Balance	D-4	3,662	3,662
Total Liabilities, Reserves and Fund Balance		<u>\$ 942,262</u>	<u>\$ 942,284</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016 of \$107,059 and \$123,059 (Exhibit D-15).

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
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	D-2	\$ 70,000	\$ 65,000
Membership Fees	D-2	279,605	269,175
Snack Bar	D-2	22,282	27,955
Non-Budget Revenue	D-2	508	321
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-16	<u>14,590</u>	<u>20,749</u>
		<u>386,985</u>	<u>383,200</u>
EXPENDITURES			
Operating	D-3	305,000	296,000
Deferred Charges and Statutory Expenditures	D-3	<u>25,000</u>	<u>27,000</u>
		<u>330,000</u>	<u>323,000</u>
Excess in Revenue		56,985	60,200
Fund Balance, January 1	D	<u>131,123</u>	<u>135,923</u>
		188,108	196,123
Decreased by:			
Utilization by Swimming Pool Utility Operating Fund	D-1,D-2	<u>70,000</u>	<u>65,000</u>
Fund Balance, December 31	D	<u><u>\$ 118,108</u></u>	<u><u>\$ 131,123</u></u>

**BOROUGH OF CRESSKILL
STATEMENT OF REVENUES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	240,000	279,605	\$ 39,605
Snack Bar	D-1,D-5	20,000	22,282	2,282
	D-3	<u>\$ 330,000</u>	371,887	<u>\$ 41,887</u>
Non-Budget Revenue	D-1,D-2		<u>508</u>	
			<u>\$ 372,395</u>	

Analysis of Realized Revenues

	<u>Reference</u>	
Non-Budget Revenue		
Interest on Investments	D-2	\$ <u>508</u>
		<u>\$ 508</u>

**BOROUGH OF CRESSKILL
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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>
OPERATING					
Salaries and Wages	\$ 139,000	\$ 117,000	\$ 116,964	\$ 36	
Other Expenses	164,000	188,000	171,741	16,259	
STATUTORY EXPENDITURES/ DEFERRED CHARGES					
Deferred Charges - Unfunded					
Ord#15-01-1469 Various Improvements	16,000	16,000	16,000		
Contribution to Social Security System (O.A.S.I.)	<u>11,000</u>	<u>9,000</u>	<u>8,959</u>	<u>41</u>	<u>-</u>
	<u>\$ 330,000</u>	<u>\$ 330,000</u>	<u>\$ 313,664</u>	<u>\$ 16,336</u>	<u>\$ -</u>
<u>Reference</u>	D-2	D-2		D	
	<u>Reference</u>				
Cash Disbursed	D-5		\$ 288,884		
Encumbrances Payable	D-19		<u>24,780</u>		
			<u>\$ 313,664</u>		

**BOROUGH OF CRESSKILL
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE -
REGULATORY BASIS
SWIMMING POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	D	\$ <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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Land	\$ 6,626,072	\$ 5,836,072
Buildings and Building Improvements	6,075,410	5,334,163
Machinery and Equipment	<u>6,828,089</u>	<u>7,909,361</u>
Total Assets	<u>\$ 19,529,571</u>	<u>\$ 19,079,596</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 19,529,571</u>	<u>\$ 19,079,596</u>

NOTES TO FINANCIAL STATEMENTS

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

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 and 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, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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.

Open Space Preservation Trust 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.

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

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

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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 swimming 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, 2016 balances to conform to the December 31, 2017 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

The Borough of 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, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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.

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - 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 \$5,000 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 are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds (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 2017 and 2016 the Borough Council increased the original budget by \$33,746 and \$23,207. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2017 and 2016.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Borough's deposits were \$21,907,631 and \$15,033,198 and bank and brokerage firm balances of the Borough's deposits amounted to \$21,143,481 and \$15,034,376, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	\$ 20,409,747	\$ 14,306,823
Uninsured and Collateralized	<u>733,734</u>	<u>727,553</u>
	<u>\$ 21,143,481</u>	<u>\$ 15,034,376</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, the Borough's bank balances of \$733,734 and \$727,553 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 733,734</u>	<u>\$ 727,553</u>

B. Investments

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

	<u>Fair Value</u>	
	<u>2017</u>	<u>2016</u>
Lincoln Financial Group (LOSAP) Investment Fund (Unaudited)	\$ <u>538,306</u>	\$ <u>467,273</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2017 and 2016, \$538,306 and \$467,273 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>538,306</u>	\$ <u>467,273</u>

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

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

BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
<u>Current</u>		
Property Taxes	\$ 723,270	\$ 696,420
Tax Title Liens	<u>90,605</u>	<u>83,239</u>
	<u>\$ 813,875</u>	<u>\$ 779,659</u>

In 2017 and 2016, the Borough collected \$696,670 and \$726,040 from delinquent taxes, which represented 89% and 90%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2017</u>		<u>2016</u>
	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>	<u>Due from</u> <u>Other Funds</u>
Current Fund	\$ 13,478		\$ 1,212
Trust Funds:			
Animal Control Fund		\$ 8	\$ 1
Assessment Trust		2	
Other Trust		12,221	1,025
Unemployment		8	
Open Space Preservation Trust	44,000		60,000
General Capital Fund		1,239	186
Swim Pool Utility Fund			
Operating Fund	9		31
Capital Fund	<u>-</u>	<u>44,009</u>	<u>-</u>
			<u>60,031</u>
Total	<u>\$ 57,487</u>	<u>\$ 57,487</u>	<u>\$ 61,243</u>
			<u>\$ 61,243</u>

The above balances are the result of expenditures being paid and/or receipts being received by one fund on behalf of another.

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

BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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 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, 2017 and 2016 are as follows:

	<u>2017</u> Local District School	<u>2016</u> Local District School
Balance of Tax	\$ 11,945,567	\$ 11,518,029
Deferred Liability	<u>6,407,660</u>	<u>6,407,660</u>
Taxes Payable	<u>\$ 5,537,907</u>	<u>\$ 5,110,369</u>

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>2017</u>		<u>2016</u>	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 2,570,256	\$ 1,950,000	\$ 2,432,099	\$ 1,850,000
Non-Cash Surplus	<u>6,704</u>	<u>-</u>	<u>5,580</u>	<u>-</u>
	<u>\$ 2,576,960</u>	<u>\$ 1,950,000</u>	<u>\$ 2,437,679</u>	<u>\$ 1,850,000</u>
Swimming Pool Utility Operating Fund				
Cash Surplus	<u>\$ 118,108</u>	<u>\$ 70,000</u>	<u>\$ 131,123</u>	<u>\$ 70,000</u>

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

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, 2017 and 2016.

	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>
	January 1, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2016</u>
<u>2016</u>				
Land	\$ 5,246,973	\$ 589,099		\$ 5,836,072
Buildings and Building Improvement	5,230,631	103,532		5,334,163
Machinery and Equipment	<u>7,524,479</u>	<u>417,060</u>	<u>\$ 32,178</u>	<u>7,909,361</u>
	<u>\$ 18,002,083</u>	<u>\$ 1,109,691</u>	<u>\$ 32,178</u>	<u>\$ 19,079,596</u>

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, 2017 and 2016.

	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
Swim Pool Utility Fund				
<u>2017</u>				
Fixed Capital				
System and System Improvements	<u>\$ 781,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 781,973</u>
	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
Swim Pool Utility Fund				
<u>2016</u>				
Fixed Capital				
System and System Improvements	<u>\$ 781,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 781,973</u>

BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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>2017</u>	<u>2016</u>
Issued		
General		
Bonds and Notes	\$ 15,079,000	\$ 14,118,500
Less Funds Temporarily Held to Pay Bonds and Notes	<u>73,875</u>	<u>11,120</u>
Net Debt Issued	15,005,125	14,107,380
Authorized But Not Issued		
General		
Bonds and Notes	300,000	300,000
Swimming Pool Utility		
Bonds and Notes	<u>107,059</u>	<u>123,059</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 15,412,184</u>	<u>\$ 14,530,439</u>

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

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 .67% at December 31, 2017 and 2016, respectively.

	<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>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 14,418,500	\$ 11,120	\$ 14,407,380
School Debt	15,220,000	15,220,000	
Utility Debt	<u>123,059</u>	<u>123,059</u>	<u>-</u>
Total	<u>\$ 29,761,559</u>	<u>\$ 15,354,179</u>	<u>\$ 14,407,380</u>

Statutory Borrowing Power

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

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 77,303,789	\$ 74,901,152
Net Debt	<u>15,305,125</u>	<u>14,407,380</u>
Remaining Borrowing Power	<u>\$ 61,998,664</u>	<u>\$ 60,493,772</u>

BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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>2017</u>	<u>2016</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%	\$ 3,497,000	\$ 3,997,000
\$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%	<u>3,010,000</u>	<u>3,510,000</u>
	<u>\$ 6,507,000</u>	<u>\$ 7,507,000</u>

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

Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,000,000	\$ 181,643	\$ 1,181,643
2019	1,000,000	153,205	1,153,205
2020	1,000,000	124,455	1,124,455
2021	1,000,000	95,080	1,095,080
2022	1,000,000	65,080	1,065,080
2023-2025	<u>1,507,000</u>	<u>44,920</u>	<u>1,551,920</u>
Total	<u>\$ 6,507,000</u>	<u>\$ 664,383</u>	<u>\$ 7,171,383</u>

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

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, 2017 and 2016 were as follows:

	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund Bonds Payable	\$ <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>
	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund Bonds Payable	\$ <u>8,492,000</u>	<u>-</u>	\$ <u>985,000</u>	\$ <u>7,507,000</u>	\$ <u>1,000,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>8,492,000</u>	\$ <u>-</u>	\$ <u>985,000</u>	\$ <u>7,507,000</u>	\$ <u>1,000,000</u>

BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 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	\$ 6,611,500	-	\$6,611,500	-
Total Bond Anticipation Notes Payable			\$ 6,611,500	\$ 8,572,000	\$6,611,500	\$ 8,572,000

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2016</u>
<u>2016</u>						
<u>General Capital Fund Purpose</u>						
Various Improvements including Road	0.57	3/4/2016	\$ 1,795,000		\$1,795,000	
Various Improvements including Road	0.75	3/3/2017	-	\$ 6,611,500	-	\$ 6,611,500
Total Bond Anticipation Notes Payable			\$ 1,795,000	\$ 6,611,500	\$1,795,000	\$ 6,611,500

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2017 and 2016 as follows:

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>2017</u>			
	Recreation Complex	\$ 10,865	2018
	2017 Road Improvements	808,564	2018
	2016 Road Improvements	16,490	2018
<u>2016</u>			
	2016 Road Improvements	\$ 16,490	2017
	Third Street Recreation Walkway	554,307	2017

As of December 31, the Borough has other significant commitments as follows:

	<u>Purpose</u>	<u>Remaining Commitment</u>
<u>2016</u>		
	Acquisition of Chevrolet Tahoe	\$43,244

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

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 unused sick leave over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement.

As of December 31, 2017 and 2016, the Borough has reserved in the Other Trust Fund \$25,981 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.

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

	Balance, January 1, <u>2017</u>	<u>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>-</u>	<u>3,418,934</u>	<u>16,691,429</u>	<u>-</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>
	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Net Pension Liability - PERS	\$ 11,085,432	\$ 2,933,664	\$ 409,532	\$ 13,609,564	
Net Pension Liability - PFRS	<u>16,800,695</u>	<u>4,168,024</u>	<u>858,356</u>	<u>20,110,363</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 27,886,127</u>	<u>\$ 7,101,688</u>	<u>\$ 1,267,888</u>	<u>\$ 33,719,927</u>	<u>\$ -</u>

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

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 with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

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

Other Pension Funds

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

Funded Status and Funding Progress

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems except CPFPP (1.00%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

Employer and Employee Pension Contributions

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

Annual Pension Cost (APC)

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

During the years ended December 31, 2017, 2016 and 2015, 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>
2017	\$ 863,173	\$ 390,810	\$ 23,488
2016	819,887	393,638	18,892
2015	738,827	372,439	19,502

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

Public Employees Retirement System (PERS)

At December 31, 2017 and 2016, the Borough reported a liability of \$10,702,515 and \$13,609,564, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .04598 percent, which was an increase of .00003 percent from its proportionate share measured as of June 30, 2016 of .04595 percent.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$744,227, and \$1,260,584, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$390,810 and \$393,638, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	<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	\$ 252,007		\$ 253,097	
Changes of Assumptions	2,156,188	\$ 2,148,283	2,819,175	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	72,877		518,945	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>212,316</u>	<u>436,796</u>	<u>291,552</u>	<u>\$ 559,148</u>
Total	<u>\$ 2,693,388</u>	<u>\$ 2,585,079</u>	<u>\$ 3,882,769</u>	<u>\$ 559,148</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 214,988
2019	351,566
2020	148,821
2021	(384,785)
2022	(222,281)
Thereafter	<u>-</u>
	<u>\$ 108,309</u>

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

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

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

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

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

BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

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

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

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

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:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
2017			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 13,277,196</u>	<u>\$ 10,702,515</u>	<u>\$ 8,557,486</u>
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
2016			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 16,676,932</u>	<u>\$ 13,609,564</u>	<u>\$ 11,077,186</u>

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

BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, the Borough reported a liability of \$16,691,429 and \$20,110,363, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .10812 percent, which was an increase of .00284 percent from its proportionate share measured as of June 30, 2016 of .10528 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$2,165,241 and \$2,720,848, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$863,173 and \$819,887, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	<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	\$ 108,284	\$ 97,965		\$ 131,826
Changes of Assumptions	2,058,239	2,733,568	\$ 2,785,451	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	318,512		1,409,093	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,787,702</u>	<u>-</u>	<u>2,000,975</u>	<u>-</u>
Total	<u>\$ 4,272,737</u>	<u>\$ 2,831,533</u>	<u>\$ 6,195,519</u>	<u>\$ 131,826</u>

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

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

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2018	\$ 846,120
2019	1,154,817
2020	314,993
2021	(588,686)
2022	(286,040)
Thereafter	-
	<u>\$ 1,441,204</u>

Actuarial Assumptions

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

PFRS

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98%	2.10-8.98%
	Based on Age	Based on Age
Thereafter	3.10-9.98%	3.10-9.98%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

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

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

BOROUGH OF CRESSKILL
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

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

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

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

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:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

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

Municipal Bond Rate * From July 1, 2057
and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
2017			
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>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
2016			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 25,930,838</u>	<u>\$ 20,110,363</u>	<u>\$ 15,364,115</u>

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

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

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, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,869,581 and \$1,688,772, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$228,692 and \$215,696, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$93,487 and \$64,709, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

BOROUGH OF CRESSKILL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 13 RISK MANAGEMENT

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

The Borough of 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.

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 40,001	\$ 9,682	\$ 56,578	\$ 7,303
2016	20,000	10,609	61,379	14,198
2015	20,000	10,479	46,464	44,968

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

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2017 and 2016, the Borough reserved \$434,910 and \$452,503, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017 and 2016, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 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.

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

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

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 \$1,648 and \$1,635 for 2017 and 2016, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$8,240 and \$4,905 for 2017 and 2016, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2017 and 2016, the Borough provided property tax abatements through a certain program authorized under State statutes. This program includes the New Jersey Housing and Mortgage Financing Act (NJHMFA).

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

NOTE 17 TAX ABATEMENTS (Continued)

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, 2017 and 2016 the Borough abated property taxes totaling \$422,906 and \$410,300, respectively, under the NJHMFA program. The Borough received \$159,233 and \$162,400 in PILOT payments under this program for the years ended December 31, 2017 and 2016, respectively.

NOTE 18 SUBSEQUENT EVENTS

Serial Bonds

On January 17, 2018 the Borough adopted a resolution for the issuance of \$7,000,000 General Improvement Bonds for the purpose of funding various capital improvements of the Borough of Cresskill. On March 1, 2018 the Borough of Cresskill awarded the sale of said bonds to Roosevelt & Cross, Inc. at an interest rate of 2.00-3.00%. These bonds dated March 1, 2018 will mature over 13 years with the first maturity due March 1, 2019.

CURRENT FUND

BOROUGH OF CRESSKILL
STATEMENT OF CURRENT CASH - COLLECTOR - TREASURER

Balance, January 1, 2017		\$ 9,716,642
Increased by Receipts:		
Taxes Receivable	\$ 48,416,354	
Due from the State of NJ- Senior and Veterans Deductions	52,250	
Non-Budget Revenue	292,032	
Revenue Accounts Receivable	2,115,085	
Other Fees Payable	18,421	
Grants Receivable	45,509	
Petty Cash	900	
Prepaid Taxes	6,659,369	
Miscellaneous Reserves	453,648	
Tax Overpayments	60,587	
Reserve for Tax Title Lien Redemption	121,832	
Reserve for Grants - Unappropriated	11,311	
Receipts from Other Trust Fund	775	
Receipts from Assessment Trust Fund	9,647	
Receipts from Animal Control Trust Fund	1,341	
Receipts from Unemployment Trust Fund	57	
Receipts from General Capital Fund	2,829	
		<u>58,261,947</u>
		67,978,589
Decreased by Disbursements:		
2017 Budget Appropriation	16,645,003	
2016 Appropriation Reserves	626,998	
Other Fees Payable	16,586	
County Taxes Payable	5,322,069	
Due County for Added Taxes	252,430	
Local District School Tax Payable	27,423,001	
Payments to Appellants - Tax Appeals	67,593	
Reserve for Tax Title Lien Redemption	121,832	
Miscellaneous Reserves	334,831	
Appropriated Reserves	1,869	
Refund of Prior Year Revenue	3,068	
Refund Tax Overpayments	67,225	
Payments to Open Space Trust Fund	180,210	
Petty Cash	900	
		<u>51,063,615</u>
Balance, December 31, 2017		<u>\$ 16,914,974</u>

**BOROUGH OF CRESSKILL
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, January 1, 2017	Balance, December 31, 2017
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>2017</u>	<u>Accrued</u>	<u>Received</u>	<u>Cancellation</u>	Balance, December 31, <u>2017</u>
Municipal Alliance on Alcohol and Drug Abuse	\$ 5,580	\$ 9,876	\$ 6,198	\$ 2,554	\$ 6,704
Body Armor Grant		2,268	2,268		
Clean Communities Program		17,690	17,690		
Distracted Driving		5,500	1,567	3,933	
Drunk Driving Enforcement	-	8,288	8,288	-	-
Recycling Tonnage	-	9,498	9,498	-	-
	<u>\$ 5,580</u>	<u>\$ 53,120</u>	<u>\$ 45,509</u>	<u>\$ 6,487</u>	<u>\$ 6,704</u>
		<u>Analysis of Cancellations</u>			
		Surplus		\$ 3,933	
		Appropriated Reserves		<u>2,554</u>	
				<u>\$ 6,487</u>	

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

Balance, January 1, 2017		\$	8,229
Increased by:			
2016 Senior Citizens'/Veterans Deductions Disallowed by Tax Collector	\$	250	
Cash Received		<u>52,250</u>	
			<u>52,500</u>
			60,729
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		4,000	
Veterans' Deductions Per Tax Billings		48,000	
Senior Citizens'/Veterans Deductions by Tax Collector		<u>500</u>	
			<u>52,500</u>
Balance, December 31, 2017		\$	<u>8,229</u>

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

<u>Year</u>	<u>Balance,</u> <u>January 1,</u> <u>2017</u>	<u>2017</u> <u>Levy</u>	Senior Citizens' and Veterans' <u>Deductions</u> <u>Disallowed</u>	<u>Collected in Cash</u>		Senior Citizens' and Veterans' <u>Deductions</u> <u>Allowed</u>	<u>Transfer from</u> <u>Overpayments</u>	<u>Transferred to</u> <u>Tax Title Liens</u>	<u>Cancelled</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
				<u>2016</u>	<u>2017</u>					
2016	\$ 696,420	-	\$ 250	-	\$ 696,670	-	-	-	-	-
	696,420	-	250	-	696,670	-	-	-	-	-
2017	-	\$ 49,053,337	-	\$ 284,849	47,719,684	\$ 52,500	\$ 13,699	\$ 7,366	\$ 251,969	\$ 723,270
	<u>\$ 696,420</u>	<u>\$ 49,053,337</u>	<u>\$ 250</u>	<u>\$ 284,849</u>	<u>\$ 48,416,354</u>	<u>\$ 52,500</u>	<u>\$ 13,699</u>	<u>\$ 7,366</u>	<u>\$ 251,969</u>	<u>\$ 723,270</u>

Tax Yield

General Purpose Tax

Added Taxes (54:4-63.1 et seq.)

\$ 48,786,910

266,427

\$ 49,053,337

Tax Levy

Local District School Tax (Abstract)

\$ 27,850,539

County Taxes

5,544,255

Due County for Added Taxes (54:4-63.1 et seq.)

30,244

33,425,038

Municipal Open Space Tax

179,231

Municipal Added Taxes (54:4-63.1 et seq.)

979

Library Levy

733,803

Library Added Taxes (54:4-63.1 et seq.)

4,013

Local Tax for Municipal Purposes

14,478,200

Add Additional Tax Levied

232,073

15,628,299

\$ 49,053,337

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

Balance, January 1, 2017	\$ 83,239
Increased by:	
Transfer from 2017 Taxes Receivable	<u>7,366</u>
Balance, December 31, 2017	<u>\$ 90,605</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2017	<u>\$ 38,600</u>
Balance, December 31, 2017	<u>\$ 38,600</u>

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

	Balance, January 1, <u>2017</u>	Accrued in 2017	Collected 2017	Balance, December 31, <u>2017</u>
Borough Clerk				
Alcoholic Beverage		\$ 9,168	\$ 9,168	
Licenses		4,075	4,075	
Fees and Permits		39,596	39,596	
Board of Health				
Licenses		10,575	10,575	
Fees and Permits		1,710	1,710	
Tax Collector				
Fees and Permits		73,377	73,377	
Police Department				
Fees and Permits		878	878	
Planning Board				
Fees and Permits		5,630	5,630	
Zoning Board				
Fees and Permits		2,315	2,315	
Fire Prevention				
Fees and Permits		3,147	3,147	
Municipal Court				
Fines and Costs	\$ 2,518	51,329	50,873	\$ 2,974
Interest and Costs on Taxes		109,460	109,460	
Interest on Investments and Deposits		43,587	43,587	
Energy Receipts Tax		818,122	818,122	
Uniform Construction Code Fees		323,656	323,656	
Uniform Fire Safety Act		5,490	5,490	
Reserve for Payment of Bonds		11,120	11,120	
Capital Fund Balance		114,440	114,440	
Payment in Lieu of Taxes-				
Cresskill Residential		118,147	118,147	
6 Madison Ave		62,093	41,086	21,007
Ambulance Billing - Third Party	-	328,633	328,633	-
	<u>\$ 2,518</u>	<u>\$ 2,136,548</u>	<u>\$ 2,115,085</u>	<u>\$ 23,981</u>

**BOROUGH OF CRESSKILL
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, December 31, <u>2016</u>	Modified <u>Balance</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Salaries and Wages					
Municipal Clerk	\$ 23,879	\$ 23,879	\$ 8,707		\$ 15,172
General Administration	10,000	10,000			10,000
Financial Administration	9,546	9,546	9,327		219
Revenue Administration	734	3,233	3,028		205
Assessment of Taxes	2,438	438			438
Planning Board	442	442			442
Zoning Board of Adjustment	798	798			798
Police					
Regular	170,455	190,455	180,128		10,327
School Marshalls	8,270	8,270			8,270
Specials	6,220	6,220			6,220
Emergency Medical Service	3,982	3,982			3,982
Fire Sub-Code	16,903	16,903	14,253		2,650
Municipal Prosecutor	2,273	2,273			2,273
Streets and Roads Maintenance- Regular	113,915	113,914	95,198		18,716
Streets and Roads Maintenance- Snow Removal	21,011	21,011	20,000		1,011
Buildings and Grounds	8,744	8,744	1341		7,403
Public Health Services	455	455			455
Administration of Public Assistance	552	552			552
Recreation	5,590	5,590	3,254		2,336
Senior Citizens	2,702	3,202	2,775		427
Construction Code Official	8,052	8,052	404		7,648
Plumbing Inspector	917	917			917
Electrical Inspector	4,471	4,471	150		4,321
Fire Inspector	4,695	4,695			4,695
Municipal Court	5,269	5,269	-	-	5,269
	<u>432,313</u>	<u>453,311</u>	<u>338,565</u>	<u>-</u>	<u>114,746</u>
Other Expenses					
Mayor and Council	11,096	11,096			11,096
Municipal Clerk	9,184	9,184	1,352		7,832
Financial Administration	129	129	100		29
Annual Audit	936	40,587	36,751		3,836
Computerized Data	3,203	8,488	6,919		1,569
Revenue Administration	712	712			712
Assessment of Taxes	14,015	13,515			13,515
Legal Services & Costs	24,602	24,602	6,666		17,936
Engineering Services & Costs	20,376	20,376	13,094		7,282
Historical Committee	3,000	3,000			3,000
Planning Board	8,936	8,936	4,892		4,044
Zoning Board of Adjustment	2,806	2,806			2,806
Insurance					
Liability Insurance	4,793	51,087	46,294		4,793
Workman's Compensation		61,269	61,269		-
Employee Group Health	17,264	17,264	1,600		15,664
Fire Other Expenses	11,418	11,418	4,690		6,728
Fire Hydrant Services	1,962	1,962			1,962
Police	35,105	16,985	5,036		11,949

**BOROUGH OF CRESSKILL
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, December 31, <u>2016</u>	Modified <u>Balance</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Emergency Management Services	\$ 7,131	\$ 7,131			\$ 7,131
Emergency Medical Services	6,203	6,203	\$ 3,450		2,753
Streets and Roads Maintenance	45,718	51,404	9,231		42,173
Shade Tree Commission	2,734	2,734			2,734
Solid Waste Collection					
Other Expenses - Sanitation	24,215	24,215			24,215
Other Expenses - Recycling	10,427	10,427	3,395		7,032
Building and Grounds	2,251	6,214	4,941		1,273
Vehicle Maintenance	1,555	11,576	7,433		4,143
Public Health Services	4,025	4,025	35		3,990
Administration of Public Assistance	500	500			500
Environmental Commission	2,747	2,747			2,747
Celebration of Public Events	4,023	4,023			4,023
Recreation	5,163	5,163	405		4,758
Senior Citizens	790	2,537	1,746		791
Maintenance of Parks	172	172			172
Construction Code Official	11,770	11,770			11,770
Hepatitis "B" Inoculations	2,190	2,190	972		1,218
Fire Inspector	2,960	2,960			2,960
Electricity	1,644	1,644			1,644
Street Lighting	4,825	4,825			4,825
Telephone	921	921			921
Natural Gas	6,078	6,078			6,078
Gasoline	22,825	12,325			12,325
Sewer System	18,855	18,855	18,826		29
Water	7,062	7,062			7,062
Defined Contribution Retirement Program	6,108	6,108			6,108
Social Security System (O.A.S.I.)	9,083	9,083			9,083
Public Employees' Retirement System	30,921	30,921			30,921
Landfill/Solid Waste Disposal Costs					
Recycling Tax	3,820	3,820			3,820
Garbage and Trash Removal Dumping Fees	3,206	40,606	37,887		2,719
Fire - LOSAP		16,000	4,905		11,095
Municipal Court	853	853			853
Interlocal Municipal Service - Police Dispatch 911	5,000	5,000	4,287		713
Interlocal Public Health Svcs-County of Bergen	49	49			49
Municipal Alliance - Borough Share	2,469	2,469		\$ 2,469	
Municipal Alliance - State Share	673	673		673	
Alcohol Education Rehabilitation	121	120		120	-
Recycling Tonnage	10,291	10,291		10,291	
Clean Communities	5,461	5,462		5,462	
Body Armor Fund Grant Reserve	2,264	2,264	2,257	7	-
	<u>446,640</u>	<u>644,836</u>	<u>288,433</u>	<u>19,022</u>	<u>337,381</u>
	<u>\$ 878,953</u>	<u>\$ 1,098,147</u>	<u>\$ 626,998</u>	<u>\$ 19,022</u>	<u>\$ 452,127</u>
Appropriation Reserves		\$ 878,953			
Encumbrances Payable		<u>219,194</u>			
		<u>\$ 1,098,147</u>			
Cash Disbursements			<u>\$ 626,998</u>		
Transfer to Appropriated Grant Reserves				<u>\$ 19,022</u>	

**BOROUGH OF CRESSKILL
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2017	\$ 219,194
Increased by:	
Charges to 2017 Budget Appropriations	<u>228,321</u>
	447,515
Decreased by:	
Restored to 2016 Appropriation Reserves	<u>219,194</u>
Balance, December 31, 2017	<u>\$ 228,321</u>

EXHIBIT A-15

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2017	\$ 4,814
Decreased by:	
Cancellations to Surplus	<u>3,200</u>
Balance, December 31, 2017	<u>\$ 1,614</u>

EXHIBIT A-16

STATEMENT OF OTHER FEES PAYABLE

	Balance, January 1, <u>2017</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2017</u>
DCA Fees	\$ 2,548	\$ 18,046	\$ 16,111	\$ 4,483
Marriage License Fees	<u>125</u>	<u>375</u>	<u>475</u>	<u>25</u>
	<u>\$ 2,673</u>	<u>\$ 18,421</u>	<u>\$ 16,586</u>	<u>\$ 4,508</u>

**BOROUGH OF CRESSKILL
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2017		\$ 284,849
Increased by:		
Collection of 2018 Taxes	\$ 6,659,369	
Transfer of Overpayment - 2017 Taxes	<u>10,457</u>	
		<u>6,669,826</u>
		6,954,675
Decreased by:		
Applied to 2017 Taxes		<u>284,849</u>
Balance, December 31, 2017		<u>\$ 6,669,826</u>

EXHIBIT A-18

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2017		\$ 68,797
Increased by:		
Cash Receipts		<u>60,587</u>
		129,384
Decreased by:		
Applied to 2017 Taxes Receivable	\$ 13,699	
Applied to 2018 Taxes Receivable	10,457	
Cash Disbursements	<u>67,225</u>	
		<u>91,381</u>
Balance, December 31, 2017		<u>\$ 38,003</u>

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

Increased by:	
2017 Tax Levy	\$ <u>5,322,069</u>
Decreased by:	
Payments	\$ <u>5,322,069</u>

STATEMENT OF DUE COUNTY FOR ADDED TAXES

Increased by:		
County Open Space Preservation	\$ 222,186	
County Share of 2017 Levy - Added Taxes	<u>30,244</u>	
(RS 54:4-63.1 et seq)		\$ <u>252,430</u>
Decreased by:		
Payments		\$ <u>252,430</u>

BOROUGH OF CRESSKILL
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, January 1, 2017		\$ 11,518,029
School Tax Payable	\$ 5,110,369	
School Tax Deferred	<u>6,407,660</u>	
Increased by:		
Levy School Year July 1, 2017 to June 30, 2018		<u>27,850,539</u>
		39,368,568
Decreased by:		
Payments		<u>27,423,001</u>
Balance, December 31, 2017		
School Tax Payable	5,537,907	
School Tax Deferred	<u>6,407,660</u>	
		<u>\$ 11,945,567</u>
<u>2017 Liability for Local District School Tax</u>		
Tax Paid		\$ 27,423,001
School Tax Payable-December 31, 2017		<u>5,537,907</u>
		32,960,908
Less: Tax Payable December 31, 2016		<u>5,110,369</u>
Amount Charged to 2017 Operations		<u>\$ 27,850,539</u>

**BOROUGH OF CRESSKILL
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, January 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2017</u>
Recycling Expenditures	\$ 42,665	\$ 23,607	\$ 34,265	\$ 32,007
Police Color Guard	10,331	2,800	1,944	11,187
Senior Center Activities	41,708	300		42,008
Tax Sale Premiums	73,000	153,900	73,000	153,900
Recreation Activities	<u>2,223</u>	<u>273,041</u>	<u>225,622</u>	<u>49,642</u>
	<u>\$ 169,927</u>	<u>\$ 453,648</u>	<u>\$ 334,831</u>	<u>\$ 288,744</u>

STATEMENT OF APPROPRIATED RESERVES

	Balance, January 1, <u>2017</u>	Transfer from Appropriation <u>Reserves</u>	<u>Disbursements</u>	<u>Cancellations</u>	Balance, December 31, <u>2017</u>
Municipal Alliance Grant	\$ 490	\$ 3,142		\$ 3,632	
Drunk Driving	2,662				\$ 2,662
Alcohol Rehabilitation	1,854	120			1,974
Body Armor	1,862	7	\$ 1,869		
Clean Communities	19,923	5,462			25,385
BC - Historical Grant	125				125
Recycling Tonnage Grant	<u>57,469</u>	<u>10,291</u>	<u>-</u>	<u>-</u>	<u>67,760</u>
	<u>\$ 84,385</u>	<u>\$ 19,022</u>	<u>\$ 1,869</u>	<u>\$ 3,632</u>	<u>\$ 97,906</u>

Grants Receivable	\$ 2,554
Surplus	<u>1,078</u>
	<u>\$ 3,632</u>

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

Balance, January 1, 2017	\$ 452,503
Increased by:	
Transfer from 2017 Appropriations	<u>50,000</u>
	502,503
Decreased by:	
Cash Paid to Appellants	<u>67,593</u>
Balance, December 31, 2017	<u>\$ 434,910</u>

STATEMENT OF RESERVES FOR TAX TITLE LIEN REDEMPTION

Increased by:	
Cash Receipts	<u>\$ 121,832</u>
Decreased by:	
Cash Disbursements	<u>\$ 121,832</u>

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, January 1, <u>2017</u>	<u>Received</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2017</u>
Recycling Tonnage Grant	<u>\$ -</u>	<u>\$ 11,311</u>	<u>\$ -</u>	<u>\$ 11,311</u>

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, 2017	\$ 9,084	\$ 15,509	\$ 1,725,283	\$ 769,648	\$ 14,213
Increased by Receipts:					
Budget Appropriations:					
Unemployment Compensation					\$ 40,001
Animal Control		\$ 6,000			
Open Space Taxes				\$ 180,210	
Assessments Receivable	\$ 3,225				
Interest and Cost on Assessments	645				
Cat License Fees Collected		1,314			
Dog License Fees Collected		8,083			
State Registration Fees Collected		975			
Receipts from Swim Pool Capital Fund				16,000	
Miscellaneous Reserves and Deposits			\$ 178,253		
Payroll Salaries and Withholdings			9,421,792		9,682
Housing Trust Fees Collected			350,379		
Escrow Deposits			138,576		
Interest on Investments and Deposits	4	34	3,629	5,338	65
Street Opening Deposits			3,000		
Police Outside Services			317,539		
Miscellaneous	-	402	-	-	-
	<u>3,874</u>	<u>16,808</u>	<u>10,413,168</u>	<u>201,548</u>	<u>49,748</u>
	12,958	32,317	12,138,451	971,196	63,961
Decreased by Disbursements:					
Payments to Current Fund	9,647	1,341	775		57
Expenditures Under R.S 4:19-15.11		15,928		59,887	
Due to State of NJ - Dog License Fees		976			
Payroll Salaries and Withholdings			9,475,722		
Escrow Deposits			123,554		
Miscellaneous Reserves and Deposits			161,907		
Housing Trust Expenditures			52,039		
Unemployment Ins. Benefits					56,038
Police Outside Services			318,003		
Street Opening Deposits	-	-	1,300	-	-
	<u>9,647</u>	<u>18,245</u>	<u>10,133,300</u>	<u>59,887</u>	<u>56,095</u>
Balance, December 31, 2017	<u>\$ 3,311</u>	<u>\$ 14,072</u>	<u>\$ 2,005,151</u>	<u>\$ 911,309</u>	<u>\$ 7,866</u>

**BOROUGH OF CRESSKILL
ANALYSIS OF ASSESSMENT CASH**

Balance,
December 31,
2017

Assessment Trust Surplus

\$ 3,311

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

Ord. No.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance, January 1, 2017	Collected	Balance, December 31, 2017	Analysis of Balance		
								Assessment Bonds	Assessment Notes	Reserve
08-13	Improvements to Devonshire and Kenilworth St.	12/1/2012	10	12/1/12-2021	\$ 16,127	\$ 3,225	\$ 12,902	-	-	\$ 12,902
					<u>\$ 16,127</u>	<u>\$ 3,225</u>	<u>\$ 12,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,902</u>

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

Ordinance Number	Improvement Description	Balance, January 1, 2017	Increase by		Collections To Surplus	Balance, December 31, 2017
			Budget Appropriation	Current Budget Deficit		
	<u>Assessments Receivable</u>					
08-13	Improvements to Devonshire and Kenilworth St.	\$ 16,127	\$ -	\$ -	\$ 3,225	\$ 12,902
		<u>\$ 16,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,225</u>	<u>\$ 12,902</u>

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

Increased by:

Interest and Cost on Assessment
Interest on Deposits

\$ 645
 4

\$ 649

Decreased by:

Payments made to Current Fund

647

Balance, December 31, 2017

\$ 2

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

Balance, January 1, 2017		\$ 15,507
Increased by:		
Dog License Fees Collected	\$ 8,083	
Late and Miscellaneous Fees Collected	402	
Cat License Fees Collected	1,314	
Budget Appropriation	<u>6,000</u>	
		<u>15,799</u>
		31,306
Decreased by:		
Expenditures Under RS 4:19-15.11	15,928	
Due to Current Fund	<u>1,314</u>	
		<u>17,242</u>
Balance, December 31, 2017		<u>\$ 14,064</u>

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

Balance, January 1, 2017		\$ 1
Increased by:		
2017 State Fees Collected		<u>975</u>
		976
Decreased by:		
Payments		<u>976</u>
Balance, December 31, 2017		<u>\$ -</u>

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

Balance, January 1, 2017		\$	1
Increased by:			
Cat Fees Collected	\$	1,314	
Interest		<u>34</u>	
			<u>1,348</u>
			1,349
Increased by:			
Cash Disbursement			<u>1,341</u>
Balance, December 31, 2017		<u>\$</u>	<u>8</u>

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

Balance, January 1, 2017		\$	14,198
Increased by:			
Employee Payroll Deductions	\$	9,682	
2017 Budget Appropriation		<u>40,001</u>	
			<u>49,683</u>
			63,881
Decreased by:			
Due to State of New Jersey			<u>56,578</u>
Balance, December 31, 2017		<u>\$</u>	<u>7,303</u>

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

Balance, January 1, 2017	\$ 15
Increased by:	
2017 Unemployment Claims	<u>56,578</u>
	56,593
Decreased by:	
Payments	<u>56,038</u>
Balance, December 31, 2017	<u>\$ 555</u>

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

Increased by:	
Interest on Investments	\$ 65
Decreased by:	
Cash Disbursements	<u>57</u>
Balance, December 31, 2017	<u>\$ 8</u>

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

Balance, January 1, 2017	\$ 49,133
Increased by:	
Police Outside Services Billings	<u>318,006</u>
	367,139
Decreased by:	
Cash Receipts	<u>317,539</u>
Balance, December 31, 2017	<u>\$ 49,600</u>

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

Balance, January 1, 2017	\$ 1,025
Increased by:	
Cancellation of Street Opening Deposits	\$ 5,530
Cancellation of Escrow Deposits	5,373
Interest on Investments and Deposits	<u>1,068</u>
	<u>11,971</u>
	12,996
Decreased by:	
Payments to Current Fund	<u>775</u>
Balance, December 31, 2017	<u>\$ 12,221</u>

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

Balance, January 1, 2017		\$ 291,417
Increased by:		
Deposits Collected	\$ 138,576	
Interest Earned Developer	<u>34</u>	
		<u>138,610</u>
		430,027
Decreased by:		
Deposits Refunded	123,554	
Due to Current Fund - Cancellations	<u>5,373</u>	
		<u>128,927</u>
Balance, December 31, 2017		<u>\$ 301,100</u>

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

Balance, January 1, 2017		\$ 6,980
Increased by:		
Deposits Collected		<u>3,000</u>
		9,980
Decreased by:		
Deposits Refunded	\$ 1,300	
Due to Current Fund - Cancellations	<u>5,530</u>	
		<u>6,830</u>
Balance, December 31, 2017		<u>\$ 3,150</u>

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

Balance, January 1, 2017		\$ 1,118,980
Increased by:		
Cash Receipts	\$ 350,379	
Interest Earned	<u>2,527</u>	
		<u>352,906</u>
		1,471,886
Decreased by:		
Cash Disbursements		<u>52,039</u>
Balance, December 31, 2017		<u>\$ 1,419,847</u>

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

Balance, January 1, 2017		\$ 57,331
Increased by:		
Cash Receipts		<u>9,421,792</u>
		9,479,123
Decreased by:		
Cash Disbursements		<u>9,475,722</u>
Balance, December 31, 2017		<u>\$ 3,401</u>

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

	Balance, January 1, <u>2017</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2017</u>
Community Center	\$ 6,074	\$ 146,266	\$ 151,508	\$ 832
POAA	472	64		536
Accumulated Absences	25,981			25,981
Motorcycle Expenditures	6,889			6,889
Snow Removal	103,375	20,000		123,375
Flexible Spending	1,706	2,860	2,747	1,819
Estate of Alan Berlin	75,558			75,558
Recreation - Umpire	2,807	8,188	7,652	3,343
Fire Prevention Penalties	84	875		959
911 Memorial Fund	650			650
Rent Security Deposits	1,125	-	-	1,125
	<u>\$ 224,721</u>	<u>\$ 178,253</u>	<u>\$ 161,907</u>	<u>\$ 241,067</u>

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

Balance, January 1, 2017	\$ 73,962
Increased by:	
Police Outside Services Billings	<u>318,006</u>
	391,968
Decreased by:	
Cash Disbursements	<u>318,003</u>
Balance, December 31, 2017	<u>\$ 73,965</u>

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

Balance, January 1, 2017		\$	829,648
Increased by:			
Open Space Tax	\$	179,231	
Added Open Space Tax		979	
Interest Earnings		<u>5,338</u>	
			<u>185,548</u>
			1,015,196
Decreased by:			
Cash Disbursements			<u>59,887</u>
Balance, December 31, 2017		\$	<u><u>955,309</u></u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2017		\$ 2,571,246
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	\$ 175,000	
Deferred Charges Unfunded	150,000	
Grant Receipts	37,250	
Bond Anticipation Note	2,110,500	
Premium on Notes Issued	3,633	
Reserve for Payment of Bonds	36,625	
Interest on Investments and Deposits	<u>3,882</u>	
		<u>2,516,890</u>
		5,088,136
Decreased by:		
Improvement Authorizations	2,282,903	
Encumbrances Payable	653,932	
Bond Anticipation Notes Paid by Budget	150,000	
Reserve for Defibrillator	4,817	
Reserve for Payment of Bonds Anticipated as Current Fund Revenue	11,120	
Capital Surplus Anticipated as Current Fund Revenue	114,440	
Payments To Current Fund	<u>2,829</u>	
		<u>3,220,041</u>
Balance, December 31, 2017		<u>\$ 1,868,095</u>

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

	Balance, December 31, <u>2017</u>
Fund Balance	\$ 3,634
Capital Improvement Fund	99,040
Due to Current Fund	1,239
Reserve for Defibrillator	7,499
Reserve for Improvements to Firehouse	200,000
Reserve for Payment of Serial Bonds	36,625
Reserve for Grants Receivable	567,500
Reserve for BOE Lease Payments	1,030,000
Encumbrances Payable	865,288
Grants Receivable	(567,500)
Due from BOE Lease Payments	(1,030,000)
Excess Note Proceeds	37,250

Improvement Authorizations:

Ordinance Number	<u>Improvement Description</u>	
08-16-1358	Various Public Improvements	60,766
12-07	Various Public Improvements	56,908
13-04-1447	Various Public Improvements & Acq. Of Equipment	15
13-06-1449	Various Public Improvements	16,220
14-02-1459	Various Public Improvements - Third St & Cook Field	4,400
14-06-1463	Various Public Improvements	53,545
15-04-1472	Acquisition of Police Equipment	59,076
15-06-1474	2015 Road Improvement Program	185,555
15-09-1477	Acquisition of Real Property - Open Space	(298,815)
15-11-1497	Acquisition of Various Equipment & Vehicles	76,472
16-07-1486	Improvement Third Street Recreation Complex	9,172
16-08-1487	Various Improvements & Equipment	132,089
16-12-1491	Acquisition of Real Property	46,207
17-03-1497	Acquisition of Real Property	19,083
17-04-1498	Various Equipment - Police Department	9,803
17-05-1500	Various Improvements & Equipment	187,024
		<u>\$ 1,868,095</u>

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

Balance, January 1, 2017	\$ 7,507,000
Decreased by:	
2017 Budget Appropriation to Pay Bonds	<u>1,000,000</u>
Balance, December 31, 2017	<u>\$ 6,507,000</u>

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

						Analysis of Balance, December 31, 2017		
Ord. No.	Improvement Description	Balance, January 1, 2017	2017 Authorizations	Grant Receipts	Paid by Current Fund Budget	Balance, December 31, 2017	Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
General Improvements								
13-04-1447	Various Public Improvements & Acq. Of Equipment	\$ 508,250			\$ 142,400	\$ 365,850	\$ 365,850	
13-06-1449	Various Public Improvements	218,500			7,600	210,900	210,900	
14-02-1459	Various Public Improvements	120,750				120,750	120,750	
14-06-1463	Road Imprvts/Parking Lot - Third Street	460,750				460,750	460,750	
14-08-1465	Improvement to Brookside Ave	486,750		\$ 37,250		449,500	449,500	
15-04-1472	Various Equipment - Police Department	218,500				218,500	218,500	
15-06-1474	2015 Road Improvement Program	1,140,000				1,140,000	1,140,000	
15-09-1477	Acquisition of Real Property - Open Space	300,000				300,000		\$ 298,815
15-11-1497	Acquisition of Equipment & Vehicles	171,000				171,000	171,000	
16-07-1486	Improvement Third Street Recreation Complex	712,500				712,500	712,500	
16-08-1487	Various Improvements & Equipment	1,434,500				1,434,500	1,434,500	
16-12-1491	Acquisition of Real Property	1,140,000				1,140,000	1,140,000	
17-03-1497	Acquisition of Real Property		\$ 980,000			980,000	980,000	
17-04-1498	Various Equipment - Police Department		180,500			180,500	180,500	
17-05-1500	Various Improvements & Equipment	-	950,000	-	-	950,000	950,000	-
		<u>\$ 6,911,500</u>	<u>\$ 2,110,500</u>	<u>\$ 37,250</u>	<u>\$ 150,000</u>	<u>\$ 8,834,750</u>	<u>\$ 8,534,750</u>	<u>\$ 1,185</u>
Bond Anticipation Notes							\$ 8,572,000	
Less: Excess Note Proceeds								
Ord #14-08-1465							37,250	
							<u>\$ 8,534,750</u>	
Improvement Authorizations - Unfunded							\$ 799,846	
Less: Unexpended Proceeds								
Ord 13-04-1447							15	
Ord 13-06-1449							16,220	
Ord 14-02-1459							4,400	
Ord 14-06-1463							53,545	
Ord 15-04-1472							59,076	
Ord 15-06-1474							185,555	
Ord 15-11-1497							76,472	
Ord 16-07-1486							9,172	
Ord 16-08-1487							132,089	
Ord 16-12-1491							46,207	
Ord 17-03-1497							19,083	
Ord 17-04-1498							9,803	
Ord 17-05-1500							187,024	
								<u>\$ 1,185</u>

**BOROUGH OF CRESSKILL
STATEMENT OF GRANTS RECEIVABLE**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, January 1, <u>2017</u>	Grant <u>Awards</u>	Cash <u>Received</u>	Balance, December 31, <u>2017</u>
Department of Transportation					
13-04-1447	Multi Purpose - Phelps Ave	\$ 150,000			\$ 150,000
14-08-1465	Improvement - Brookside Ave	37,250		\$ 37,250	-
County of Bergen-					
15-09-1477	Acquisition of Real Property	300,000			300,000
16-07-1486	Improvement - Third Street Recreation Complex	<u>117,500</u>	<u>-</u>	<u>-</u>	<u>117,500</u>
		<u>\$ 604,750</u>	<u>\$ -</u>	<u>\$ 37,250</u>	<u>\$ 567,500</u>

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

Balance, January 1, 2017	\$ 33,540
Increased by:	
2017 Budget Appropriation	<u>175,000</u>
	208,540
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>109,500</u>
Balance, December 31, 2017	<u>\$ 99,040</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2017	\$ 653,932
Increased by:	
Charges to Improvement Authorizations	<u>865,288</u>
	1,519,220
Decreased by:	
Payments	<u>653,932</u>
Balance, December 31, 2017	<u>\$ 865,288</u>

**BOROUGH OF CRESSKILL
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Amount Appropriated	Balance, January 1, 2017		2017 Authorizations		Paid or Charged	Balance, December 31, 2017	
			Funded	Unfunded	Deferred Charges Unfunded	Capital Improvement Fund		Funded	Unfunded
General Improvements									
08-16-1358	Various Public Improvements	\$ 713,000	\$ 81,628				\$ 20,862	\$ 60,766	
12-07	Various Public Improvements	973,000	69,290				12,382	56,908	
13-04-1447	Various Public Improvements & Acq. Of Equipment	535,000		\$ 356			341		\$ 15
13-06-1449	Various Public Improvements	230,000		16,534			314		16,220
14-02-1459	Various Public Improvements - Third St & Cook Field	285,000		4,714			314		4,400
14-06-1463	Various Public Improvements	485,000		93,754			40,209		53,545
15-04-1472	Acquisition of Police Equipment	230,000		59,390			314		59,076
15-06-1474	2015 Road Improvement Program	1,200,000		228,868			43,313		185,555
15-09-1477	Acquisition of Real Property - Open Space	500,000		4,184			2,999		1,185
15-11-1497	Acquisition of Various Equipment & Vehicles	180,000		76,786			314		76,472
16-07-1486	Improvement Third Street Recreation Complex	750,000		72,884			63,712		9,172
16-08-1487	Various Improvements & Equipment	1,510,000		526,422			394,333		132,089
16-12-1491	Acquisition of Real Property	1,200,000		610,901			564,694		46,207
17-03-1497	Acquisition of Real Property	1,030,000			\$ 980,000	\$ 50,000	1,010,917		19,083
17-04-1498	Various Equipment - Police Department	190,000			180,500	9,500	180,197		9,803
17-05-1500	Various Improvements & Equipment	1,000,000	-	-	950,000	50,000	812,976	-	187,024
			<u>\$ 150,918</u>	<u>\$ 1,694,793</u>	<u>\$ 2,110,500</u>	<u>\$ 109,500</u>	<u>\$ 3,148,191</u>	<u>\$ 117,674</u>	<u>\$ 799,846</u>
							Cash Disbursed	\$ 2,282,903	
							Encumbrances Payable	<u>865,288</u>	
								\$ 3,148,191	

**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, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
13-04-1447	Various Public Improvements	\$ 508,250	3/7/2014	3/4/2016 3/3/2017	3/3/2017 3/2/2018	0.70 % 1.09	\$	508,250	\$ 365,850	\$ 508,250	\$ 365,850
13-06-1449	Various Public Improvements	218,500	3/7/2014	3/4/2016 3/3/2017	3/3/2017 3/2/2018	0.70 1.09		218,500	210,900	218,500	210,900
14-02-1459	Road Improvements/Park Lot Third St.	120,750	3/6/2015	3/4/2016 3/3/2017	3/3/2017 3/2/2018	0.70 1.09		120,750	120,750	120,750	120,750
14-06-1463	Various Public Improvements	460,750	3/6/2015	3/4/2016 3/3/2017	3/3/2017 3/2/2018	0.70 1.09		460,750	460,750	460,750	460,750
14-08-1465	Improvements of Brookside Ave	486,750	3/6/2015	3/4/2016 3/3/2017	3/3/2017 3/2/2018	0.70 1.09		486,750	486,750	486,750	486,750
15-04-1472	Various Equipment - Police Department	218,500	3/4/2016	3/4/2016 3/3/2017	3/3/2017 3/2/2018	0.70 1.09		218,500	218,500	218,500	218,500
15-06-1474	2015 Road Improvement Program	1,140,000	3/4/2016	3/4/2016 3/3/2017	3/3/2017 3/2/2018	0.70 1.09		1,140,000	1,140,000	1,140,000	1,140,000
15-11-1497	Acq. Of Equipment & Vehicles	171,000	3/4/2016	3/4/2016 3/3/2017	3/3/2017 3/2/2018	0.70 1.09		171,000	171,000	171,000	171,000
16-07-1486	Various Improvements Third Street Recreation Complex	712,500	12/14/2016	12/14/2016 3/3/2017	3/3/2017 3/2/2018	0.75 1.09		712,500	712,500	712,500	712,500
16-08-1487	Various Improvements & Equipment	1,434,500	12/14/2016	12/14/2016 3/3/2017	3/3/2017 3/2/2018	0.75 1.09		1,434,500	1,434,500	1,434,500	1,434,500
16-12-1491	Acquisition of Real Property	1,140,000	12/14/2016	12/14/2016 3/3/2017	3/3/2017 3/2/2018	0.75 1.09		1,140,000	1,140,000	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>\$ 6,611,500</u>	<u>\$ 8,572,000</u>	<u>\$ 6,611,500</u>	<u>\$ 8,572,000</u>
								Renewals	\$ 6,461,500	\$ 6,461,500	
								Issued for Cash	2,110,500		
								Paid by Budget Appropriation	-	150,000	
									<u>\$ 8,572,000</u>	<u>\$ 6,611,500</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, 2017</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>					
General Improvement Bonds of 2008	4/1/2008	\$ 7,047,000	4/1/18-23 4/1/2024	\$ 500,000 497,000	3%-4%	\$ 3,997,000		\$ 500,000	\$ 3,497,000
General Improvement Bonds of 2013	3/1/2013	4,780,000	3/1/18-2022 3/1/2023	500,000 510,000	1% - 2%	3,510,000	\$ -	500,000	3,010,000
						<u>\$ 7,507,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 6,507,000</u>
Paid by Budget Appropriation								<u>\$ 1,000,000</u>	

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

Balance, January 1, 2017	\$ 186
Increased by:	
Interest on Investments and Deposits	<u>3,882</u>
	4,068
Decreased by:	
Cash Disbursements	<u>2,829</u>
Balance, December 31, 2017	<u>\$ 1,239</u>

STATEMENT OF RESERVE FOR DEFIBRILLATOR

Balance, January 1, 2017	\$ 12,316
Decreased by:	
Cash Disbursements	<u>4,817</u>
Balance, December 31, 2017	<u>\$ 7,499</u>

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

Balance, January 1, 2017	\$ 11,120
Increased by:	
Prior Year Grant Receipts	<u>36,625</u>
	47,745
Decreased by:	
Anticipated as Current Fund Revenue	<u>11,120</u>
Balance, December 31, 2017	<u>\$ 36,625</u>

STATEMENT OF RESERVE FOR IMPROVEMENTS TO FIREHOUSE

Balance, January 1, 2017	<u>\$ 200,000</u>
Balance, December 31, 2017	<u>\$ 200,000</u>

STATEMENT OF DUE FROM CRESSKILL BOARD OF EDUCATION - LEASE

Increased by:	
Due from BOE Lease Payment	<u>\$ 1,030,000</u>
Balance, December 31, 2017	<u>\$ 1,030,000</u>

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

Ordinance <u>Number</u>	<u>Purpose</u>	Balance, January 1, <u>2017</u>	2017 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2017</u>
General Improvements					
15-09-1477	Acquisition of Real Property - Open Space	\$ 300,000			\$ 300,000
17-03-1497	Acquisition of Real Property		\$ 980,000	\$ 980,000	
17-04-1498	Various Equipment - Police Department		180,500	180,500	
17-06-1500	Various Improvements and Equipment	-	950,000	950,000	-
		<u>\$ 300,000</u>	<u>\$ 2,110,500</u>	<u>\$ 2,110,500</u>	<u>\$ 300,000</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	\$ 194,171	\$ 17,252
Increased by Receipts:		
Membership Fees	\$ 279,605	
Snack Bar Revenues	22,282	
Interest on Investments and Deposits	499	\$ 9
Receipts from Swim Pool Capital	31	
Snack Bar Security Deposit	500	
Budget Appropriation		16,000
Reserve for Swim and Dive Team	<u>6,960</u>	<u>-</u>
	<u>309,877</u>	<u>16,009</u>
	504,048	33,261
Decreased by Disbursements:		
2017 Budget Appropriations	288,884	
2016 Appropriation Reserves	39,000	
Snack Bar Security Disbursements	500	
Disbursements to Municipal Open Space		16,000
Disbursements to Swim Pool Operating		31
Reserve for Swim and Dive Team	<u>10,191</u>	<u>-</u>
	<u>338,575</u>	<u>16,031</u>
Balance, December 31, 2017	<u>\$ 165,473</u>	<u>\$ 17,230</u>

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

		Balance, December 31, <u>2017</u>
Fund Balance		\$ 3,662
Due to Swim Pool Utility Operating Fund		9
Capital Improvement Fund		8,800
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
15-01	Renovation to Swim Pool	<u>4,759</u>
		<u>\$ 17,230</u>

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

Balance, January 1, 2017	\$ 781,973
Balance, December 31, 2017	<u>\$ 781,973</u>

EXHIBIT D-8

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

Balance, January 31, 2017	\$ 31
Increased by:	
Interest	<u>9</u>
	40
Decreased by:	
Cash Disbursements	<u>31</u>
Balance, December 31, 2017	<u>\$ 9</u>

EXHIBIT D-9

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

Balance, January 1, 2017	\$ 60,000
Decreased by:	
Cash Disbursements	<u>16,000</u>
Balance, December 31, 2017	<u>\$ 44,000</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, 2017</u>	<u>Balance, December 31, 2017</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, 2017 Unfunded</u>	<u>Paid or Charged</u>	<u>Balance, December 31, 2017 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>\$ -</u>	<u>4,759</u>
			<u>\$ 67,818</u>	<u>\$ -</u>	<u>\$ 67,818</u>

EXHIBIT D-12

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

Balance, January 1, 2017	\$ 797,973
Increased by:	
2017 Budget Appropriation	<u>16,000</u>
Balance, December 31, 2017	<u>\$ 813,973</u>

EXHIBIT D-13

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

Balance, January 1, 2017	<u>\$ 8,800</u>
Balance, December 31, 2017	<u>\$ 8,800</u>

EXHIBIT D-14

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

Ord. No.	Purpose	Balance, December 31, <u>2016</u>	Balance, December 31, <u>2017</u>
15-01	Renovation to Swim Pool	<u>\$ 4,000</u>	<u>\$ 4,000</u>
		<u>\$ 4,000</u>	<u>\$ 4,000</u>

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

Ord. <u>No.</u>	<u>Purpose</u>	Balance, January 1, <u>2017</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2017</u>
91-05	Renovation of Municipal Swim Pool	\$ 63,059		\$ 63,059
15-01	Renovation to Swim Pool	<u>60,000</u>	<u>\$ 16,000</u>	<u>44,000</u>
		<u>\$ 123,059</u>	<u>\$ 16,000</u>	<u>\$ 107,059</u>

**BOROUGH OF CRESSKILL
STATEMENT OF 2016 APPROPRIATION RESERVES
SWIMMING POOL UTILITY OPERATING FUND**

	Balance, January 1, <u>2017</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 4,662	\$ 4,662		\$ 4,662
Other Expenses	6,796	47,111	\$ 39,000	8,111
Statutory Expenditures				
Contribution to Social Security System (O.A.S.I.)	<u>1,817</u>	<u>1,817</u>	<u>-</u>	<u>1,817</u>
	<u>\$ 13,275</u>	<u>\$ 53,590</u>	<u>\$ 39,000</u>	<u>\$ 14,590</u>
Appropriation Reserves		\$ 13,275		
Encumbrances Restored		<u>40,315</u>		
		<u>\$ 53,590</u>		
Cash Disbursements			<u>\$ 39,000</u>	

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

Balance, January 1, 2017	\$ 9,489
Increased by:	
Cash Receipts	<u>6,960</u>
	16,449
Decreased by:	
Cash Disbursements	<u>10,191</u>
Balance, December 31, 2017	<u>\$ 6,258</u>

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

Increased by:	
Cash Receipts	<u>\$ 500</u>
Decreased by:	
Cash Disbursements	<u>\$ 500</u>

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

Balance, January 1, 2017	\$ 40,315
Increased by:	
Charges to 2017 Budget Appropriations	<u>24,780</u>
	65,095
Decreased by:	
Transfer to Appropriation Reserves	<u>40,315</u>
Balance, December 31, 2017	<u>\$ 24,780</u>

BOROUGH OF CRESSKILL
BERGEN COUNTY, NEW JERSEY

PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
ADWOA BOACHIE, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of 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, 2017, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of 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.

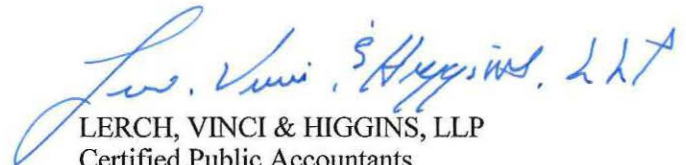
Compliance and Other Matters

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.

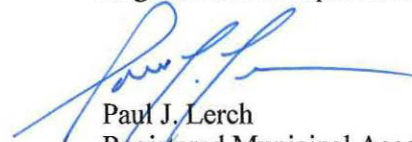
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Cresskill in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

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
April 27, 2018

**BOROUGH OF CRESSKILL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2017**

<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, 2017</u>	<u>Revenues</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, December 31, 2017</u>	<u>Cumulative Expenditures</u>
										*
<u>Law & Public Safety</u>										*
Division of Highway Traffic Safety										*
State and Community Highway Safety	20-600	2011	\$ 7,443		\$ 913			\$ 913		* \$ 6,530
										*
Drunk Driving Enforcement	20.601	2014			2,662				\$ 2,662	*
		2017	8,288	\$ 8,288		\$ 8,288	\$ 6,022		2,266	*
										*
Distracted Driving Incentive	20.616	2017	5,500	1,567	-	5,500	1,567	3,933	-	* 1,567
										*
					<u>\$ 3,575</u>	<u>\$ 13,788</u>	<u>\$ 7,589</u>	<u>\$ 4,846</u>	<u>\$ 4,928</u>	*

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

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, 2017**

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	\$ 13,788	\$ 39,332	\$ 53,120
Genereal Capital Fund	<u>-</u>	<u>37,250</u>	<u>37,250</u>
	<u>\$ 13,788</u>	<u>\$ 76,582</u>	<u>\$ 90,370</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 Uniform Guidance.

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

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified, Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

2) Significant deficiency(ies) that are not
considered to be material weakness(es)? yes X none reported

Noncompliance material to the financial
statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF CRESSKILL
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017**

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, 2017**

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, 2017

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

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

	<u>Year 2017</u>			<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,850,000	3.45 %	\$	1,700,000	3.28 %
Miscellaneous - From Other Than Local					
Property Tax Levies	2,476,250	4.62		2,624,128	5.06
Collection of Delinquent Taxes and Tax Title Liens	696,670	1.30		726,040	1.40
Collection of Current Tax Levy	48,070,732	89.76		46,226,975	89.18
Other Credits to Income	468,519	0.87		556,657	1.07
	<u>53,562,171</u>	<u>100.00</u> %		<u>51,833,800</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	17,946,913	34.80 %		17,330,912	34.85 %
County and Open Space Taxes	5,754,709	11.16		5,452,237	10.96
Local School Taxes	27,850,539	54.00		26,897,333	54.09
Other Expenditures	20,729	0.04		48,283	0.10
	<u>51,572,890</u>	<u>100.00</u> %		<u>49,728,765</u>	<u>100.00</u> %
Excess in Revenue	1,989,281			2,105,035	
Fund Balance, January 1	<u>2,437,679</u>			<u>2,032,644</u>	
	4,426,960			4,137,679	
Less Utilization as Anticipated Revenue	<u>1,850,000</u>			<u>1,700,000</u>	
Fund Balance, December 31	<u>\$ 2,576,960</u>			<u>\$ 2,437,679</u>	

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

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

	<u>Year 2017</u>			<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 70,000	18.09 %	\$	65,000	16.96 %
Collection of Membership Fees	279,605	72.25		269,175	70.24
Miscellaneous - From Other Than Membership Fees	<u>37,380</u>	<u>9.66</u>		<u>49,025</u>	<u>12.79</u>
Total Income	<u>386,985</u>	<u>100.00 %</u>		<u>383,200</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Operating	305,000	92.42 %		296,000	91.64 %
Deferred Charges and Statutory Expenditures	<u>25,000</u>	<u>7.58</u>		<u>27,000</u>	<u>8.36</u>
Total Expenditures	<u>330,000</u>	<u>100.00 %</u>		<u>323,000</u>	<u>100.00 %</u>
Excess in Revenue	56,985			60,200	
Fund Balance, January 1	<u>131,123</u>			<u>135,923</u>	
	188,108			196,123	
Less Utilization as Anticipated Revenue	<u>70,000</u>			<u>65,000</u>	
Fund Balance, December 31	<u>\$ 118,108</u>			<u>\$ 131,123</u>	

**BOROUGH OF CRESSKILL
SUPPORTING DATA**

Comparative Schedule Of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>\$2.722</u>	<u>\$2.641</u>	<u>\$2.559</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.808	.783	.759
Municipal Open Space Preservation	.010	.010	.010
County (including Open Space Tax)	.309	.295	.280
Local School	1.554	1.513	1.472
Library	.041	.040	.038

Assessed Valuation

2017	<u>\$1,792,318,500</u>	
2016		<u>\$1,778,300,300</u>
2015		<u>\$1,777,731,014</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>
2017	\$ 49,053,337	\$ 48,070,732	97.99%
2016	47,236,298	46,226,975	97.86%
2015	45,616,737	44,677,538	97.94%

**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>
2017	\$ 723,270	\$ 90,605	\$ 813,875	1.66%
2016	696,420	83,239	779,659	1.65%
2015	726,628	76,093	802,721	1.76%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2017 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>
2017	\$38,600
2016	38,600
2015	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	2017	\$2,576,960	\$1,950,000
	2016	2,437,679	1,850,000
	2015	2,032,644	1,700,000
Swimming Pool Utility Operating Fund	2017	\$118,108	\$70,000
	2016	131,123	70,000
	2015	135,923	65,000

**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		
Gregory Mueller	Council Member		
Mark Spina	Council Member		
James Cleary	Council Member		
Hector Olmo	Council Member		
Kathleen Savas	Council Member		
Simone Tsigounis	Council Member		
Barbara Nasuto	Borough Clerk		
Harold Laufeld, III	Chief Financial Officer	\$1,000,000	Municipal Excess Liability Joint Insurance Fund
Jeffrey J. Milazzo	Deputy Tax Collector	\$1,000,000	Municipal Excess Liability Joint Insurance Fund
Allen M. Bell	Magistrate		
Jennifer Lacey	Court Administrator (1/1/17-11/1/17)		
Craig Ferdinand	Court Administrator (11/1/17-12/31/17)		
Ed Rossi	Construction Code Official (1/1/17-8/1/17)		
Robert Rusch	Construction Code Official (8/1/17-12/31/17)		
Michele Wrixon	Director of Social Services		
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:

2017 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 4, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of 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 30, 2017.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2017	5
2016	5
2015	3

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