

*BOROUGH OF ROSELAND*  
*COUNTY OF ESSEX*  
*REPORT OF AUDIT*  
*2017*

*NISIVOCCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF ROSELAND

COUNTY OF ESSEX

REPORT OF AUDIT

2017

BOROUGH OF ROSELAND  
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YEAR ENDED DECEMBER 31, 2017

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BOROUGH OF ROSELAND

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017



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## Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Roseland  
Roseland, New Jersey

### ***Report on the Financial Statements***

We have audited the financial statements – *regulatory basis* - of the various funds of Borough of Roseland, in Essex County (the “Borough”) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, as listed in the foregoing table of contents.

### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors’ Responsibility***

Our responsibility is to express opinions 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, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Borough’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 Borough’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.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Roseland  
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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, the financial statements are prepared by the Borough on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 the 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 as of December 31, 2017 and 2016, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

***Basis for Qualified Opinion***

The Borough's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects on the December 31, 2017 and 2016 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of Borough of Roseland as of December 31, 2017 and 2016, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the year then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Roseland  
Page 3

The supplementary data schedules and the schedules of expenditures of federal and state awards 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 various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund 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 data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018 on our consideration of Borough of Roseland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Borough of Roseland's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
March 27, 2018

NISIVOCIA, LLP



Valerie A. Dolan  
Registered Municipal Accountant No. 548  
Certified Public Accountant

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
CURRENT FUND

BOROUGH OF ROSELAND  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|   |             | December 31,           |                        |
|---|-------------|------------------------|------------------------|
|   | <u>Ref.</u> | <u>2017</u>            | <u>2016</u>            |
| <u>ASSETS</u>   |             |                        |                        |
| Regular Fund:   |             |                        |                        |
| Cash and Cash Equivalents:                            |             |                        |                        |
| Treasurer   | A-4         | \$ 9,389,279.75        | \$ 7,051,882.49        |
| Change Fund   |             | 200.00                 | 200.00                 |
| Due from State of New Jersey:                         |             |                        |                        |
| Senior Citizens and Veterans Deductions               |             | 250.00                 | 36.30                  |
|   |             | <u>9,389,729.75</u>    | <u>7,052,118.79</u>    |
| Receivables and Other Assets With Full Reserves:      |             |                        |                        |
| Delinquent Property Taxes Receivable                  | A-7         | 254,214.85             | 255,391.01             |
| Tax Title Liens Receivable                            | A-8         | 94,452.84              | 77,375.10              |
| Revenue Accounts Receivable                           | A-9         | 8,541.37               | 12,533.05              |
| Tax Penalty Receivable                                |             | 29,025.59              | 13,014.56              |
| Due from Animal Control Fund                          | B           | 1,414.60               | 8,407.06               |
| Due from Other Trust Funds                            | B           | 10.06                  |                        |
| Property Acquired for Taxes at Assessed Value         |             | 1,800.00               | 250,000.00             |
| Total Receivables and Other Assets With Full Reserves |             | <u>389,459.31</u>      | <u>616,720.78</u>      |
| Deferred Charges:                                     |             |                        |                        |
| Emergency Authorization (N.J.S.A. 40A: 4-48)          | A-3         |                        | 8,500.00               |
| Total Deferred Charges                                |             |                        | <u>8,500.00</u>        |
| Total Regular Fund                                    |             | <u>9,779,189.06</u>    | <u>7,677,339.57</u>    |
| Federal and State Grant Fund:                         |             |                        |                        |
| Due from Current Fund                                 | A           | 112,278.54             | 123,726.14             |
| Federal and State Grants Receivable                   | A-10        | 21,239.00              | 29,140.00              |
| Total Federal and State Grant Fund                    |             | <u>133,517.54</u>      | <u>152,866.14</u>      |
| <u>TOTAL ASSETS</u>                                   |             | <u>\$ 9,912,706.60</u> | <u>\$ 7,830,205.71</u> |

BOROUGH OF ROSELAND  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

|   |          | December 31,        |                     |
|---|----------|---------------------|---------------------|
|   | Ref.     | 2017                | 2016                |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |          |                     |                     |
| Regular Fund:                                       |          |                     |                     |
| Appropriation Reserves:                             |          |                     |                     |
| Encumbered  | A-3;A-11 | \$ 1,001,253.48     | \$ 768,885.89       |
| Unencumbered  | A-3;A-11 | 490,409.89          | 668,002.68          |
|   |          | <u>1,491,663.37</u> | <u>1,436,888.57</u> |
| Prepaid Taxes                                       |          | 1,875,080.42        | 142,382.40          |
| Tax Overpayments                                    |          | 377,660.23          | 4,604.30            |
| Accounts Payable - Vendors                          |          | 174,246.21          | 206,123.42          |
| County Taxes Payable                                |          | 8,678.91            | 13,071.92           |
| Due to State of New Jersey:                         |          |                     |                     |
| DCA Training Fees                                   |          | 5,767.00            | 3,972.00            |
| Marriage License Fees                               |          | 325.00              | 325.00              |
| Due to Federal and State Grant Fund                 | A        | 112,278.54          | 123,726.14          |
| Due to Other Trust Funds                            | B        |                     | 112.12              |
| Reserve for:  |          |                     |                     |
| Tax Appeals   |          | <u>1,069,607.67</u> | <u>1,324,786.74</u> |
|   |          | 5,115,307.35        | 3,255,992.61        |
| Reserve for Receivables and Other Assets            | A        | 389,459.31          | 616,720.78          |
| Fund Balance  | A-1      | <u>4,274,422.40</u> | <u>3,804,626.18</u> |
| Total Regular Fund                                  |          | <u>9,779,189.06</u> | <u>7,677,339.57</u> |
| Federal and State Grant Fund:                       |          |                     |                     |
| Due to State of New Jersey                          |          | 40,953.96           | 40,953.96           |
| Due to Essex County                                 |          | 2,467.42            | 2,467.42            |
| Appropriated Reserve                                | A-14     | 67,068.08           | 107,019.99          |
| Unappropriated Reserve                              | A-15     | <u>23,028.08</u>    | <u>2,424.77</u>     |
| Total Federal and State Grant Fund                  |          | <u>133,517.54</u>   | <u>152,866.14</u>   |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |          | \$ 9,912,706.60     | \$ 7,830,205.71     |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

|  | Year Ended December 31, |                 |
|--|-------------------------|-----------------|
|  | 2017                    | 2016            |
|  | Ref.                    |                 |
| <u>Revenue and Other Income Realized</u>         |                         |                 |
| Fund Balance Utilized                            | \$ 937,000.00           | \$ 937,000.00   |
| Miscellaneous Revenue Anticipated                | 3,138,398.19            | 3,650,029.00    |
| Receipts from:                                   |                         |                 |
| Delinquent Taxes                                 | 253,494.47              | 366,969.86      |
| Current Taxes                                    | 37,497,290.91           | 37,486,479.52   |
| Nonbudget Revenue                                | 259,577.29              | 140,242.49      |
| Other Credits to Income:                         |                         |                 |
| Unexpended Balance of Appropriation Reserves     | 939,104.29              | 588,705.40      |
| Cancellation of Appropriated Grant Reserves      | 19,183.40               | 20,069.36       |
| Prior Year Accounts Payable Cancelled            | 125.00                  | 1,590.00        |
| Interfunds Returned                              | 8,407.06                | 9.66            |
| Total Income                                     | 43,052,580.61           | 43,191,095.29   |
| <u>Expenditures</u>                              |                         |                 |
| Municipal Purposes                               | 13,963,144.03           | 14,284,632.62   |
| County Taxes                                     | 9,501,894.19            | 9,486,809.46    |
| Local School District Taxes                      | 8,388,386.00            | 8,192,042.00    |
| Regional School District Taxes                   | 9,446,780.00            | 9,413,525.00    |
| Municipal Open Space Taxes                       | 338,470.14              | 340,120.62      |
| Refund of Prior Year Revenue                     | 443.00                  | 1,546.92        |
| Senior Citizen Deductions Disallowed             | 824.66                  | 750.00          |
| Interfunds Advanced                              | 1,424.66                | 8,407.06        |
| Cancellation of Grants Receivable                | 4,417.71                | 1,348.95        |
| Total Expenditures                               | 41,645,784.39           | 41,729,182.63   |
| Statutory Excess to Fund Balance                 | 1,406,796.22            | 1,461,912.66    |
| Adjustment to Excess Before Fund Balance:        |                         |                 |
| Expenditures included above which are by Statute |                         |                 |
| Deferred Charges to Budget of Succeeding Year    |                         | 8,500.00        |
| Statutory Excess to Fund Balance                 | 1,406,796.22            | 1,470,412.66    |
| <u>Fund Balance</u>                              |                         |                 |
| Balance January 1                                | 3,804,626.18            | 3,271,213.52    |
|  | 5,211,422.40            | 4,741,626.18    |
| Decreased by:                                    |                         |                 |
| Utilized as Anticipated Revenue                  | 937,000.00              | 937,000.00      |
| Balance December 31                              | A \$ 4,274,422.40       | \$ 3,804,626.18 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

|                                    | Budget           | Added by<br>NJSA 40A:4-87 | Realized         | Excess or<br>Deficit * |
|------------------------------------|------------------|---------------------------|------------------|------------------------|
| Fund Balance Anticipated           | \$ 937,000.00    |                           | \$ 937,000.00    |                        |
| Miscellaneous Revenue:             |                  |                           |                  |                        |
| Licenses:                          |                  |                           |                  |                        |
| Alcoholic Beverages                | 3,690.00         |                           | 5,094.00         | \$ 1,404.00            |
| Other                              | 16,025.00        |                           | 19,233.00        | 3,208.00               |
| Fees and Permits:                  |                  |                           |                  |                        |
| Other                              | 81,497.00        |                           | 67,976.02        | 13,520.98 *            |
| Fines and Costs:                   |                  |                           |                  |                        |
| Municipal Court                    | 150,000.00       |                           | 166,561.99       | 16,561.99              |
| Construction Code Official:        |                  |                           |                  |                        |
| Fees and Permits                   | 167,345.00       |                           | 248,728.00       | 81,383.00              |
| Interest on Investments            | 9,452.00         |                           | 77,709.57        | 68,257.57              |
| Interest and Costs on Taxes        | 49,262.00        |                           | 75,176.53        | 25,914.53              |
| Cablevision Franchise Fee          | 108,000.00       |                           | 120,296.59       | 12,296.59              |
| Cell Tower Lease                   | 70,000.00        |                           | 73,791.96        | 3,791.96               |
| Lease Agreement                    | 80,000.00        |                           | 127,381.68       | 47,381.68              |
| Energy Receipts Tax                | 837,731.00       |                           | 837,731.00       |                        |
| Public and Private Revenues        |                  |                           |                  |                        |
| Offset with Appropriations:        |                  |                           |                  |                        |
| Recycling Tonnage Grant            | 6,416.48         |                           | 6,416.48         |                        |
| Municipal Alliance - State Share   | 6,000.00         |                           | 6,000.00         |                        |
| Body Armor Replacement Fund        | 2,424.77         |                           | 2,424.77         |                        |
| Drunk Driving Enforcement Fund     | 3,637.60         |                           | 3,637.60         |                        |
| Assistance to Firefighters Grant   |                  | \$ 15,239.00              | 15,239.00        |                        |
| Utility Operating Surplus          | 1,285,000.00     |                           | 1,285,000.00     |                        |
|                                    | 2,876,480.85     | 15,239.00                 | 3,138,398.19     | 246,678.34             |
| Receipts from Delinquent Taxes     | 218,000.00       |                           | 253,494.47       | 35,494.47              |
| Amount to be Raised by Taxes       |                  |                           |                  |                        |
| for Support of Municipal Budget:   |                  |                           |                  |                        |
| Local Tax for Municipal Purposes   | 9,837,787.97     |                           | 9,742,246.81     | (95,541.16) *          |
| Minimum Library Tax                | 609,626.42       |                           | 609,626.42       |                        |
| Total Amount to be Raised by Taxes | 10,447,414.39    |                           | 10,351,873.23    | (95,541.16) *          |
| Budget Totals                      | 14,478,895.24    | 15,239.00                 | 14,680,765.89    | \$ 186,631.65          |
| Nonbudget Revenue                  |                  |                           | 259,577.29       |                        |
|                                    | \$ 14,478,895.24 | \$ 15,239.00              | \$ 14,940,343.18 |                        |

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
 (Continued)

Allocation of Current Tax Collections:

|  |                  |
|--|------------------|
| Revenue from Collection of Current Taxes | \$ 37,497,290.91 |
|--|------------------|

Allocated to:

|                               |                 |  |
|-------------------------------|-----------------|--|
| Regional School Taxes         | \$ 9,446,780.00 |  |
| Local School Taxes            | 8,388,386.00    |  |
| County Taxes                  | 9,501,894.19    |  |
| Municipal Open Space Tax Levy | 338,470.14      |  |

|  |               |
|--|---------------|
|  | 27,675,530.33 |
|--|---------------|

|   |              |
|---|--------------|
| Balance for Support of Municipal Budget | 9,821,760.58 |
|---|--------------|

|  |            |
|--|------------|
| Add: Appropriation "Reserve for Uncollected Taxes" | 530,112.65 |
|--|------------|

|  |                  |
|--|------------------|
| Realized for Support of Municipal Budget | \$ 10,351,873.23 |
|--|------------------|

Analysis of Other Licenses:

|                 |              |
|-----------------|--------------|
| Municipal Clerk | \$ 2,160.00  |
| Board of Health | 17,073.00    |
|                 | \$ 19,233.00 |

Analysis of Fees and Permits:

|                            |              |
|----------------------------|--------------|
| Municipal Clerk            | \$ 11,082.87 |
| Recreation                 | 1,771.05     |
| Registrar                  | 7,985.00     |
| Zoning                     | 39,000.00    |
| Fire Prevention            | 312.00       |
| Department of Public Works | 450.10       |
| Board of Adjustment        | 7,375.00     |
|                            | \$ 67,976.02 |

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

|   |    |            |                           |
|---|----|------------|---------------------------|
| State Fire Bureau Reimbursements                            | \$ | 13,660.40  |                           |
| Police  |    | 2,353.00   |                           |
| Motor Vehicle Inspection Fines                              |    | 39,744.50  |                           |
| Sale of Borough Assets                                      |    | 22,864.40  |                           |
| Certified Lists   |    | 24.93      |                           |
| Department of Public Works                                  |    | 505.00     |                           |
| Prior Year's FEMA Reimbursements                            |    | 122,799.89 |                           |
| Cancellation of Trust Fund Balances:                        |    |            |                           |
| Recreation  |    | 6,928.77   |                           |
| Forfeited Property  |    | 664.65     |                           |
| Hydrant Deposit   |    | 50.00      |                           |
| Tsunami Fund  |    | 962.00     |                           |
| Developer's Escrow  |    | 10,035.67  |                           |
| Insurance Reimbursements                                    |    | 26,009.68  |                           |
| Prior Year Refunds  |    | 10,225.36  |                           |
| Other Miscellaneous   |    | 1,334.44   |                           |
|   |    | <hr/>      | \$ 258,162.69             |
| Due from Animal Control Fund:                               |    |            |                           |
| Statutory Excess in Reserve for Animal Control Expenditures |    |            | <hr/> 1,414.60            |
|   |    |            | <hr/> <hr/> \$ 259,577.29 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

|  | Appropriations |                              | Expended           |              |           |
|--|----------------|------------------------------|--------------------|--------------|-----------|
|  | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved     | Cancelled |
| General Government:                            |                |                              |                    |              |           |
| Administrative and Executive:                  |                |                              |                    |              |           |
| Salaries and Wages                             | \$ 173,300.00  | \$ 173,300.00                | \$ 156,312.76      | \$ 16,987.24 |           |
| Other Expenses                                 | 41,352.00      | 41,352.00                    | 39,739.14          | 1,612.86     |           |
| Mayor and Council:                             |                |                              |                    |              |           |
| Salaries and Wages                             | 22,779.00      | 22,779.00                    | 22,779.00          |              |           |
| Office of Borough Clerk:                       |                |                              |                    |              |           |
| Salaries and Wages                             | 85,538.00      | 85,538.00                    | 85,123.95          | 414.05       |           |
| Other Expenses                                 | 37,059.00      | 35,861.00                    | 30,419.88          | 5,441.12     |           |
| Financial Administration:                      |                |                              |                    |              |           |
| Salaries and Wages                             | 21,535.00      | 22,637.00                    | 22,636.70          | 0.30         |           |
| Fixed Asset Accounting System - Other Expenses | 7,328.00       | 6,226.00                     | 3,785.75           | 2,440.25     |           |
| Audit Services:                                |                |                              |                    |              |           |
| Other Expenses                                 | 30,000.00      | 30,000.00                    | 29,700.00          | 300.00       |           |
| Computer Data Process:                         |                |                              |                    |              |           |
| Other Expenses                                 | 60,500.00      | 60,500.00                    | 58,921.42          | 1,578.58     |           |
| Collection of Taxes:                           |                |                              |                    |              |           |
| Salaries and Wages                             | 44,350.00      | 44,350.00                    | 44,282.50          | 67.50        |           |
| Other Expenses                                 | 6,945.00       | 6,945.00                     | 5,097.80           | 1,847.20     |           |
| Assessment of Taxes:                           |                |                              |                    |              |           |
| Salaries and Wages                             | 33,475.00      | 33,486.00                    | 33,485.97          | 0.03         |           |
| Other Expenses                                 | 43,750.00      | 78,739.00                    | 76,480.94          | 2,258.06     |           |
| Legal Services and Costs:                      |                |                              |                    |              |           |
| Salaries and Wages                             | 64,790.00      | 64,812.00                    | 64,812.00          |              |           |
| Other Expenses                                 | 237,300.00     | 278,000.00                   | 277,981.77         | 18.23        |           |

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

|   | Appropriations |    | Budget After<br>Modification | Expended           |             |           |
|---|----------------|----|------------------------------|--------------------|-------------|-----------|
|   | Budget         |    |                              | Paid or<br>Charged | Reserved    | Cancelled |
| General Government:                         |                |    |                              |                    |             |           |
| Engineering Services and Costs:             |                |    |                              |                    |             |           |
| Other Expenses                              | \$ 66,960.00   | \$ | 66,960.00                    | \$ 61,912.00       | \$ 5,048.00 |           |
| Historic Preservation Commission:           |                |    |                              |                    |             |           |
| Other Expenses                              | 1,200.00       |    | 1,200.00                     |                    | 1,200.00    |           |
| Municipal Land Use Law (N.J.S.A. 40:55D-1): |                |    |                              |                    |             |           |
| Planning Board:                             |                |    |                              |                    |             |           |
| Salaries and Wages                          | 10,000.00      |    | 9,935.00                     | 7,925.84           | 2,009.16    |           |
| Other Expenses                              | 41,750.00      |    | 44,515.00                    | 44,412.22          | 102.78      |           |
| Board of Adjustment:                        |                |    |                              |                    |             |           |
| Salaries and Wages                          | 8,110.00       |    | 8,110.00                     | 5,631.42           | 2,478.58    |           |
| Other Expenses                              | 14,935.00      |    | 14,935.00                    | 9,308.66           | 5,626.34    |           |
| Affordable Housing:                         |                |    |                              |                    |             |           |
| Other Expenses                              | 20,000.00      |    | 20,000.00                    | 13,746.81          | 6,253.19    |           |
| Insurance (P.L. 2003, C.92):                |                |    |                              |                    |             |           |
| General Liability                           | 262,285.00     |    | 262,285.00                   | 262,285.00         |             |           |
| Worker's Compensation Insurance             | 281,183.00     |    | 281,183.00                   | 281,183.00         |             |           |
| Employee Group Health                       | 1,929,900.00   |    | 1,929,900.00                 | 1,868,853.38       | 61,046.62   |           |
| Health Waiver                               | 28,000.00      |    | 28,000.00                    | 28,000.00          |             |           |
| Unemployment Compensation Insurance         | 2,600.00       |    | 2,600.00                     | 1,619.79           | 980.21      |           |
| Public Safety:                              |                |    |                              |                    |             |           |
| Police:                                     |                |    |                              |                    |             |           |
| Salaries and Wages                          | 3,145,088.00   |    | 3,144,828.00                 | 3,142,831.98       | 1,996.02    |           |
| Other Expenses                              | 174,893.00     |    | 174,893.00                   | 168,021.79         | 6,871.21    |           |

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|                                       | Appropriations |    | Budget After<br>Modification | Expended           |             | Cancelled |
|---------------------------------------|----------------|----|------------------------------|--------------------|-------------|-----------|
|                                       | Budget         |    |                              | Paid or<br>Charged | Reserved    |           |
| Public Safety:                        |                |    |                              |                    |             |           |
| Police Dispatch/911:                  |                |    |                              |                    |             |           |
| Other Expenses                        | \$ 9,411.00    | \$ | 9,411.00                     | \$ 5,560.00        | \$ 3,851.00 |           |
| Emergency Management Services:        |                |    |                              |                    |             |           |
| Salaries and Wages                    | 6,315.00       |    | 6,575.00                     | 6,552.34           | 22.66       |           |
| Other Expenses                        | 3,150.00       |    | 3,150.00                     | 1,146.67           | 2,003.33    |           |
| Aid to Volunteer Fire Companies       | 50,000.00      |    | 50,000.00                    | 50,000.00          |             |           |
| First Aid Organization - Contribution | 50,000.00      |    | 50,000.00                    | 50,000.00          |             |           |
| Fire Department:                      |                |    |                              |                    |             |           |
| Other Expenses                        | 69,650.00      |    | 68,889.00                    | 62,479.96          | 6,409.04    |           |
| Fire Prevention:                      |                |    |                              |                    |             |           |
| Salaries and Wages                    | 23,062.00      |    | 23,227.00                    | 23,224.12          | 2.88        |           |
| Other Expenses                        | 4,100.00       |    | 3,935.00                     | 2,567.88           | 1,367.12    |           |
| Municipal Court:                      |                |    |                              |                    |             |           |
| Salaries and Wages                    | 163,082.00     |    | 163,082.00                   | 158,365.03         | 4,716.97    |           |
| Other Expenses                        | 11,750.00      |    | 11,750.00                    | 11,741.76          | 8.24        |           |
| Public Defender:                      |                |    |                              |                    |             |           |
| Salaries and Wages                    | 4,492.00       |    | 4,492.00                     | 3,837.04           | 654.96      |           |
| Other Expenses                        | 500.00         |    | 500.00                       |                    | 500.00      |           |
| Municipal Prosecutor:                 |                |    |                              |                    |             |           |
| Salaries and Wages                    | 19,652.00      |    | 19,664.00                    | 19,659.96          | 4.04        |           |
| Other Expenses                        | 2,000.00       |    | 1,988.00                     | 1,921.10           | 66.90       |           |

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|                               | Appropriations |                           | Expended        |               |           |
|-------------------------------|----------------|---------------------------|-----------------|---------------|-----------|
|                               | Budget         | Budget After Modification | Paid or Charged | Reserved      | Cancelled |
| Public Works:                 |                |                           |                 |               |           |
| Road Repairs and Maintenance: |                |                           |                 |               |           |
| Salaries and Wages            | \$ 449,015.00  | \$ 438,177.00             | \$ 314,504.98   | \$ 123,672.02 |           |
| Other Expenses                | 25,280.00      | 25,280.00                 | 18,131.38       | 7,148.62      |           |
| Shade Tree Commission:        |                |                           |                 |               |           |
| Salaries and Wages            | 2,800.00       | 2,800.00                  | 2,580.50        | 219.50        |           |
| Other Expenses                | 30,600.00      | 31,300.00                 | 31,260.73       | 39.27         |           |
| Storm Clearance:              |                |                           |                 |               |           |
| Salaries and Wages            | 30,000.00      | 30,000.00                 | 7,684.76        | 22,315.24     |           |
| Other Expenses                | 22,000.00      | 22,000.00                 | 21,244.08       | 755.92        |           |
| Solid Waste Collection:       |                |                           |                 |               |           |
| Other Expenses                | 533,570.00     | 530,370.00                | 503,525.37      | 26,844.63     |           |
| Public Building and Grounds:  |                |                           |                 |               |           |
| Salaries and Wages            | 427,085.00     | 431,024.00                | 409,429.10      | 21,594.90     |           |
| Other Expenses                | 159,410.00     | 159,410.00                | 145,942.05      | 13,467.95     |           |
| Vehicle Maintenance:          |                |                           |                 |               |           |
| Salaries and Wages            | 57,545.00      | 57,545.00                 | 56,067.37       | 1,477.63      |           |
| Other Expenses                | 63,700.00      | 63,700.00                 | 46,958.90       | 16,741.10     |           |
| Condominium Service Act:      |                |                           |                 |               |           |
| Other Expenses                | 44,000.00      | 44,000.00                 |                 | 44,000.00     |           |
| Health and Welfare:           |                |                           |                 |               |           |
| Board of Health:              |                |                           |                 |               |           |
| Other Expenses                | 3,085.00       | 3,085.00                  | 296.40          | 2,788.60      |           |

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|                                   | Appropriations |    | Budget After<br>Modification | Expended           |             | Cancelled |
|-----------------------------------|----------------|----|------------------------------|--------------------|-------------|-----------|
|                                   | Budget         |    |                              | Paid or<br>Charged | Reserved    |           |
| Health and Welfare:               |                |    |                              |                    |             |           |
| Dog Regulation:                   |                |    |                              |                    |             |           |
| Other Expenses                    | \$ 3,000.00    | \$ | 3,000.00                     |                    | \$ 3,000.00 |           |
| Environmental Commission:         |                |    |                              |                    |             |           |
| Other Expenses                    | 1,000.00       |    | 1,000.00                     | \$ 545.42          | 454.58      |           |
| Contributions to Social Services: |                |    |                              |                    |             |           |
| Other Expenses                    | 2,050.00       |    | 2,050.00                     |                    | 2,050.00    |           |
| Municipal Youth Guidance:         |                |    |                              |                    |             |           |
| Other Expenses                    | 1,242.00       |    | 1,242.00                     | 1,228.02           | 13.98       |           |
| Recreation and Education:         |                |    |                              |                    |             |           |
| Public Recreation Program:        |                |    |                              |                    |             |           |
| Salaries and Wages                | 156,247.00     |    | 157,619.00                   | 155,149.22         | 2,469.78    |           |
| Other Expenses                    | 26,950.00      |    | 25,578.00                    | 24,091.90          | 1,486.10    |           |
| Camp Wyanokie:                    |                |    |                              |                    |             |           |
| Other Miscellaneous Expenses      | 1,903.00       |    | 1,903.00                     | 1,903.00           |             |           |
| Other Common Operating Functions: |                |    |                              |                    |             |           |
| Celebration of Public Events      |                |    |                              |                    |             |           |
| Other Expenses                    | 1,000.00       |    | 1,000.00                     |                    | 1,000.00    |           |
| Beautification Committee:         |                |    |                              |                    |             |           |
| Other Expenses                    | 8,530.00       |    | 8,530.00                     | 6,928.52           | 1,601.48    |           |
| City Notification/Cable TV:       |                |    |                              |                    |             |           |
| Other Expenses                    | 24,750.00      |    | 19,550.00                    | 17,553.40          | 1,996.60    |           |
| Reserve for Pending Tax Appeals   | 500,000.00     |    | 500,000.00                   | 500,000.00         |             |           |



BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|  | Appropriations |                           | Expended        |             |           |
|--|----------------|---------------------------|-----------------|-------------|-----------|
|  | Budget         | Budget After Modification | Paid or Charged | Reserved    | Cancelled |
| Senior Citizens' Advisory Committee:         |                |                           |                 |             |           |
| Other Expenses                               | \$ 1,470.00    | \$ 1,470.00               | \$ 360.35       | \$ 1,109.65 |           |
| Uniform Construction Code:                   |                |                           |                 |             |           |
| Salaries and Wages                           | 30,025.00      | 30,025.00                 | 27,902.61       | 2,122.39    |           |
| Other Expenses                               | 21,285.00      | 21,285.00                 | 5,920.71        | 15,364.29   |           |
| Unclassified                                 |                |                           |                 |             |           |
| Utilities:                                   |                |                           |                 |             |           |
| Electricity                                  | 144,000.00     | 144,000.00                | 144,000.00      |             |           |
| Street Lighting                              | 160,000.00     | 160,000.00                | 160,000.00      |             |           |
| Telephone and Telegraph                      | 65,000.00      | 66,600.00                 | 66,510.71       | 89.29       |           |
| Heating                                      | 73,000.00      | 73,000.00                 | 73,000.00       |             |           |
| Fuel Oil                                     | 1,500.00       | 1,500.00                  |                 | 1,500.00    |           |
| Gasoline                                     | 113,000.00     | 78,000.00                 | 70,000.00       | 8,000.00    |           |
| Deferred Charges and Statutory Expenditures  |                |                           |                 |             |           |
| Prior Years Bills:                           |                |                           |                 |             |           |
| Computer Data Processing                     | 608.09         | 608.09                    | 608.09          |             |           |
| Professional Services                        | 217.60         | 217.60                    | 217.60          |             |           |
| Contribution to:                             |                |                           |                 |             |           |
| Public Employees' Retirement System          | 260,819.48     | 260,819.48                | 242,989.48      | 17,830.00   |           |
| Social Security Program (OASI)               | 160,000.00     | 164,577.00                | 162,925.50      | 1,651.50    |           |
| Police and Firemen's Retirement System of NJ | 784,396.15     | 750,594.15                | 750,594.15      |             |           |
| DCRP   | 4,000.00       | 4,000.00                  | 2,579.80        | 1,420.20    |           |
| Total General Appropriations within "CAPS"   | 11,708,152.32  | 11,707,391.32             | 11,216,981.43   | 490,409.89  |           |
| Detail:                                      |                |                           |                 |             |           |
| Salaries and Wages                           | 4,978,285.00   | 4,974,005.00              | 4,770,779.15    | 203,225.85  |           |
| Other Expenses                               | 6,729,867.32   | 6,733,386.32              | 6,446,202.28    | 287,184.04  |           |

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|  | Appropriations |                              | Expended           |          |           |
|--|----------------|------------------------------|--------------------|----------|-----------|
|  | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved | Cancelled |
| Appropriations Excluded from "CAPS"              |                |                              |                    |          |           |
| Roseland Free Public Library                     | \$ 609,626.42  | \$ 609,626.42                | \$ 609,626.42      |          |           |
| Shared Service Agreements:                       |                |                              |                    |          |           |
| Public Health Services                           | 77,572.00      | 77,572.00                    | 77,572.00          |          |           |
| Animal Control Services                          | 13,130.00      | 13,130.00                    | 13,130.00          |          |           |
| Building Inspection Service                      | 127,293.00     | 127,293.00                   | 127,293.00         |          |           |
| Senior Citizen Transportation                    | 27,925.00      | 27,925.00                    | 27,925.00          |          |           |
| Public and Private Programs Offset by Revenues:  |                |                              |                    |          |           |
| Municipal Alliance on Alcoholism and Drug Abuse: |                |                              |                    |          |           |
| State Share                                      | 6,000.00       | 6,000.00                     | 6,000.00           |          |           |
| Local Share                                      | 1,700.00       | 1,700.00                     | 1,700.00           |          |           |
| Body Armor Grant                                 | 2,424.77       | 2,424.77                     | 2,424.77           |          |           |
| Assistance to Firefighters Grant                 |                |                              |                    |          |           |
| State Share (N.J.S.A. 40A:4-87 \$15,239.00)      |                | 15,239.00                    | 15,239.00          |          |           |
| Local Match                                      |                | 761.00                       | 761.00             |          |           |
| Drunk Driving Enforcement Fund                   | 3,637.60       | 3,637.60                     | 3,637.60           |          |           |
| Recycling Tonnage Grant                          | 6,416.48       | 6,416.48                     | 6,416.48           |          |           |
| Total Appropriations Excluded from "CAPS"        | 875,725.27     | 891,725.27                   | 891,725.27         |          |           |
| Capital Improvements Excluded from "CAPS"        |                |                              |                    |          |           |
| Capital Improvement Fund                         | 200,000.00     | 200,000.00                   | 200,000.00         |          |           |
| Total Capital Improvements Excluded from "CAPS"  | 200,000.00     | 200,000.00                   | 200,000.00         |          |           |

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|   | Appropriations   |                              | Expended           |                       |
|---|------------------|------------------------------|--------------------|-----------------------|
|   | Budget           | Budget After<br>Modification | Paid or<br>Charged | Reserved<br>Cancelled |
| Municipal Debt Service Excluded from "CAPS"       |                  |                              |                    |                       |
| Payment of Bond Principal                         | \$ 555,000.00    | \$ 555,000.00                | \$ 555,000.00      |                       |
| Interest on Bonds                                 | 137,750.00       | 137,750.00                   | 137,750.00         |                       |
| Payment of Note Principal                         | 400,000.00       | 400,000.00                   | 400,000.00         |                       |
| Interest on Notes                                 | 63,655.00        | 63,655.00                    | 62,777.44          | \$ 877.56             |
| Total Municipal Debt Service Excluded from "CAPS" | 1,156,405.00     | 1,156,405.00                 | 1,155,527.44       | 877.56                |
| Deferred Charges Excluded from "CAPS"             |                  |                              |                    |                       |
| Emergency Authorizations                          | 8,500.00         | 8,500.00                     | 8,500.00           |                       |
| Total Deferred Charges Excluded from "CAPS"       | 8,500.00         | 8,500.00                     | 8,500.00           |                       |
| Total General Appropriations Excluded from "CAPS" | 2,240,630.27     | 2,256,630.27                 | 2,255,752.71       | 877.56                |
| Subtotal General Appropriations                   | 13,948,782.59    | 13,964,021.59                | 13,472,734.14      | \$ 490,409.89         |
| Reserve for Uncollected Taxes                     | 530,112.65       | 530,112.65                   | 530,112.65         |                       |
| Total General Appropriations                      | \$ 14,478,895.24 | \$ 14,494,134.24             | \$ 14,002,846.79   | \$ 490,409.89         |
|   |                  |                              |                    | \$ 877.56             |

Ref.

A

BOROUGH OF ROSELAND  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|  | <u>Ref.</u> | <u>Analysis of</u>                   |                            |
|--|-------------|--------------------------------------|----------------------------|
|  |             | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> |
| Adopted Budget   |             | \$ 14,478,895.24                     |                            |
| Added by NJSA 40A:4-87                                 |             | 15,239.00                            |                            |
| Adopted Budget   |             | <u>\$ 14,494,134.24</u>              |                            |
| Cash Disbursed   |             |                                      | \$ 11,726,801.81           |
| Reserve for Uncollected Taxes                          |             |                                      | 530,112.65                 |
| Reserve for Encumbrances                               | A           |                                      | 1,001,253.48               |
| Due to General Capital Fund - Capital Improvement Fund |             |                                      | 200,000.00                 |
| Deferred Charges:                                      |             |                                      |                            |
| Emergency Appropriation                                |             |                                      | 8,500.00                   |
| Reserve for Pending Tax Appeals                        |             |                                      | 500,000.00                 |
| Transfer to Appropriated Grant Reserves:               |             |                                      |                            |
| Federal and State Grants                               |             |                                      | 33,717.85                  |
| Local Matching Funds                                   |             |                                      | 2,461.00                   |
|  |             |                                      | <u>\$ 14,002,846.79</u>    |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
TRUST FUNDS

BOROUGH OF ROSELAND  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|   |      | December 31,           |                        |
|---|------|------------------------|------------------------|
|   | Ref. | 2017                   | 2016                   |
| <u>ASSETS</u>                                 |      |                        |                        |
| Animal Control Fund:                          |      |                        |                        |
| Cash and Cash Equivalents:                    |      |                        |                        |
| Treasurer                                     | B-4  | \$ 7,496.20            | \$ 14,793.06           |
|   |      | 7,496.20               | 14,793.06              |
| Affordable Housing Trust Fund:                |      |                        |                        |
| Cash and Cash Equivalents                     | B-4  | 242,286.95             | 248,763.32             |
|   |      | 242,286.95             | 248,763.32             |
| Open Space Trust Fund:                        |      |                        |                        |
| Cash and Cash Equivalents                     | B-4  | 2,657,982.84           | 2,743,609.03           |
|   |      | 2,657,982.84           | 2,743,609.03           |
| Other Trust Funds:                            |      |                        |                        |
| Cash and Cash Equivalents                     | B-4  | 961,410.12             | 1,102,473.92           |
| Due from Current Fund                         | A    |                        | 112.12                 |
| Due from Essex County:                        |      |                        |                        |
| Community Development Block Grant             |      | 28,500.00              | 35,292.69              |
|   |      | 989,910.12             | 1,137,878.73           |
| <u>TOTAL ASSETS</u>                           |      | <u>\$ 3,897,676.11</u> | <u>\$ 4,145,044.14</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> |      |                        |                        |
| Animal Control Fund:                          |      |                        |                        |
| Due to Current Fund                           | A    | \$ 1,414.60            | \$ 8,407.06            |
| Reserve for Animal Control Expenditures       | B-5  | 6,081.60               | 6,386.00               |
|   |      | 7,496.20               | 14,793.06              |
| Affordable Housing Trust Fund:                |      |                        |                        |
| Reserve for Affordable Housing Expenditures   |      | 242,286.95             | 248,763.32             |
|   |      | 242,286.95             | 248,763.32             |
| Open Space Trust Fund:                        |      |                        |                        |
| Reserve for Open Space Expenditures           |      | 2,657,982.84           | 2,743,609.03           |
|   |      | 2,657,982.84           | 2,743,609.03           |

BOROUGH OF ROSELAND  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|   |             | December 31,    |                 |
|---|-------------|-----------------|-----------------|
|   | <u>Ref.</u> | <u>2017</u>     | <u>2016</u>     |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |             |                 |                 |
| Other Trust Funds:                                  |             |                 |                 |
| Due To Current Fund                                 | A           | \$ 10.06        |                 |
| Reserve for:  |             |                 |                 |
| State Unemployment Insurance                        |             | 24,567.47       | \$ 35,414.34    |
| Developer's Escrow                                  |             | 174,100.74      | 448,880.47      |
| Recreation  |             | 141,990.84      | 146,908.29      |
| Community Development Block Grant                   |             | 293.36          | 35,586.05       |
| Police Outside Duty                                 |             | 48,464.76       | 36,730.14       |
| Tax Sale Premiums                                   |             | 168,600.00      | 228,900.00      |
| Municipal Youth Council                             |             | 6,228.92        | 6,042.76        |
| Celebration of Public Events                        |             | 18,187.47       | 18,187.47       |
| Auxiliary Police Trust Fund                         |             | 6,314.70        | 5,181.14        |
| Police Donations                                    |             | 7,316.08        | 5,878.60        |
| Bucco Settlements                                   |             | 30,500.00       | 30,500.00       |
| Donations to Environmetal Commissions               |             | 62.41           | 62.41           |
| Senior Advisor Board                                |             | 402.75          | 402.75          |
| Accumulated Absences                                |             | 227,648.05      | 1,648.05        |
| Parking Offenses Adjudication Act                   |             | 4,486.58        | 4,254.58        |
| Storm Recovery                                      |             | 84,987.20       | 84,987.20       |
| Lien Redemption                                     |             | 53.97           | 10.97           |
| Forfeited Property                                  |             |                 | 664.65          |
| Hydrant Deposit                                     |             |                 | 50.00           |
| Security Deposit                                    |             | 13,333.34       | 13,333.34       |
| 9/11 Scholarship Fund                               |             | 6,118.08        | 8,293.52        |
| Tsunami Relief Fund                                 |             |                 | 962.00          |
| Coalition on Affordable Housing                     |             | 1,243.34        |                 |
| Sidewalk Contribution                               |             | 25,000.00       | 25,000.00       |
|   |             | 989,910.12      | 1,137,878.73    |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |             | \$ 3,897,676.11 | \$ 4,145,044.14 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
GENERAL CAPITAL FUND



BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|   |             | December 31,            |                         |
|---|-------------|-------------------------|-------------------------|
|   | <u>Ref.</u> | <u>2017</u>             | <u>2016</u>             |
| <u>ASSETS</u>                                       |             |                         |                         |
| Cash and Cash Equivalents                           | C-2         | \$ 2,325,319.77         | \$ 2,406,916.03         |
| Due from State of New Jersey:                       |             |                         |                         |
| Department of Transportation                        |             | 496,935.90              | 566,250.00              |
| Deferred Charges to Future Taxation:                |             |                         |                         |
| Funded  |             | 3,330,000.00            | 3,885,000.00            |
| Unfunded  | C-4         | <u>8,226,154.76</u>     | <u>10,261,399.30</u>    |
| <u>TOTAL ASSETS</u>                                 |             | <u>\$ 14,378,410.43</u> | <u>\$ 17,119,565.33</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |             |                         |                         |
| Serial Bonds  | C-8         | \$ 3,330,000.00         | \$ 3,885,000.00         |
| Bond Anticipation Notes Payable                     | C-7         | 6,284,489.00            | 6,994,989.00            |
| Improvement Authorizations:                         |             |                         |                         |
| Funded  | C-5         | 823,660.28              | 901,436.15              |
| Unfunded  | C-5         | 2,863,096.79            | 4,324,030.62            |
| Capital Improvement Fund                            | C-6         | 730,060.19              | 830,349.22              |
| Reserve For:  |             |                         |                         |
| State Grant Receivable                              | C-3         | 114,250.00              | 114,250.00              |
| Payment of Debt Service                             | C-3         | 92,713.91               |                         |
| Regional Contribution Agreements                    | C-3         | 25,500.00               | 25,500.00               |
| Fund Balance  | C-1         | <u>114,640.26</u>       | <u>44,010.34</u>        |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |             | <u>\$ 14,378,410.43</u> | <u>\$ 17,119,565.33</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

|  | <u>Ref</u>       |                             |
|--|------------------|-----------------------------|
| Balance December 31, 2016                  | C                | \$ 44,010.34                |
| Increased by:                              |                  |                             |
| Premium on Sale of Bond Anticipation Notes | \$ 45,876.77     |                             |
| Improvement Authorizations Cancelled       | <u>24,753.15</u> |                             |
|  |                  | <u>70,629.92</u>            |
| Balance December 31, 2017                  | C                | <u><u>\$ 114,640.26</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
WATER/SEWER UTILITY FUND

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|  |             | December 31,     |                  |
|--|-------------|------------------|------------------|
|  | <u>Ref.</u> | <u>2017</u>      | <u>2016</u>      |
| <u>ASSETS</u>  |             |                  |                  |
| Operating Fund:  |             |                  |                  |
| Cash and Cash Equivalents                                  | D-4         | \$ 3,510,779.35  | \$ 3,425,603.05  |
| Receivable and Inventory Offset with Full Reserve:         |             |                  |                  |
| Consumer Accounts Receivable                               | D-6         | 556,813.56       | 283,369.82       |
| Inventory  | D-6A        | 65,732.85        | 62,883.85        |
| Subtotal Receivable and Inventory Offset with Full Reserve |             | 622,546.41       | 346,253.67       |
| Total Operating Fund                                       |             | 4,133,325.76     | 3,771,856.72     |
| Capital Fund:  |             |                  |                  |
| Cash and Cash Equivalents                                  | D-4         | 310,378.43       | 316,834.69       |
| Fixed Capital  | D-7         | 9,238,409.18     | 9,238,409.18     |
| Fixed Capital Authorized and Uncompleted                   | D-8         | 1,169,400.00     | 1,169,400.00     |
| Total Capital Fund   |             | 10,718,187.61    | 10,724,643.87    |
| <u>TOTAL ASSETS</u>  |             | \$ 14,851,513.37 | \$ 14,496,500.59 |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

|   |             | December 31,            |                         |
|---|-------------|-------------------------|-------------------------|
|   | <u>Ref.</u> | <u>2017</u>             | <u>2016</u>             |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |             |                         |                         |
| Operating Fund:                                     |             |                         |                         |
| Appropriation Reserves:                             |             |                         |                         |
| Unencumbered  | D-3;D-9     | \$ 521,843.12           | \$ 451,403.22           |
| Encumbered  | D-3;D-9     | 1,067,034.08            | 692,971.49              |
| Total Appropriation Reserves                        |             | 1,588,877.20            | 1,144,374.71            |
| Accounts Payable - Vendors                          |             | 30,668.95               | 8,600.00                |
| Water/Sewer Rent Prepayments                        |             | 1,212.75                | 1,938.50                |
| Water/Sewer Rent Overpayments                       |             | 130,990.44              | 18,479.60               |
| Total Liabilities                                   |             | 1,751,749.34            | 1,173,392.81            |
| Reserve for Receivables and Inventory               | D           | 622,546.41              | 346,253.67              |
| Fund Balance  | D-1         | 1,759,030.01            | 2,252,210.24            |
| Total Operating Fund                                |             | 4,133,325.76            | 3,771,856.72            |
| Capital Fund:                                       |             |                         |                         |
| Improvement Authorizations:                         |             |                         |                         |
| Funded  | D-10        | 136,336.52              | 142,792.78              |
| Unfunded  | D-10        | 1,025,549.90            | 1,025,549.90            |
| Capital Improvement Fund                            | D-11        | 23,857.80               | 23,857.80               |
| Reserve for Amortization                            | D-13        | 9,238,409.28            | 9,238,409.28            |
| Deferred Reserve for Amortization                   | D-12        | 143,850.00              | 143,850.00              |
| Fund Balance  | D-1A        | 150,184.11              | 150,184.11              |
| Total Capital Fund                                  |             | 10,718,187.61           | 10,724,643.87           |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> |             | <u>\$ 14,851,513.37</u> | <u>\$ 14,496,500.59</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

|  |             | Year Ended December 31 |                        |
|--|-------------|------------------------|------------------------|
|  | <u>Ref.</u> | <u>2017</u>            | <u>2016</u>            |
| <u>Revenue and Other Income Realized</u>           |             |                        |                        |
| Water/Sewer Rents                                  |             | \$ 3,138,932.11        | 3,569,727.55           |
| Miscellaneous Revenue                              |             | 67,837.41              | 69,601.05              |
| Other Credits to Income:                           |             |                        |                        |
| Unexpended Balance of Appropriation Reserves       |             | <u>805,398.94</u>      | <u>677,245.55</u>      |
| Total Income                                       |             | <u>4,012,168.46</u>    | <u>4,316,574.15</u>    |
| <u>Expenditures</u>                                |             |                        |                        |
| Budget Expenditures:                               |             |                        |                        |
| Operating  |             | 3,064,857.00           | 2,995,877.75           |
| Statutory Expenditures                             |             | 35,435.00              | 35,435.00              |
| Prior Year Overpayments Payable                    |             | <u>120,056.69</u>      |                        |
| Total Expenditures                                 |             | <u>3,220,348.69</u>    | <u>3,031,312.75</u>    |
| Excess in Revenue/Statutory Excess to Fund Balance |             | 791,819.77             | 1,285,261.40           |
| <u>Fund Balance</u>                                |             |                        |                        |
| Balance January 1                                  | D           | <u>2,252,210.24</u>    | <u>2,716,948.84</u>    |
|  |             | 3,044,030.01           | 4,002,210.24           |
| Decreased by:                                      |             |                        |                        |
| Utilized as Anticipated Revenue- Current Fund      |             | <u>1,285,000.00</u>    | <u>1,750,000.00</u>    |
| Balance December 31                                | D           | <u>\$ 1,759,030.01</u> | <u>\$ 2,252,210.24</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
STATEMENT OF WATER/SEWER CAPITAL FUND BALANCE - REGULATORY BASIS

|                           | <u>Ref.</u> |                      |
|---------------------------|-------------|----------------------|
| Balance December 31, 2016 | D           | \$ 150,184.11        |
| Balance December 31, 2017 | D           | <u>\$ 150,184.11</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|                   | <u>Anticipated</u>            | <u>Realized</u>               | <u>Excess or<br/>Deficit *</u> |
|-------------------|-------------------------------|-------------------------------|--------------------------------|
| Water/Sewer Rents | \$ 3,070,292.00               | \$ 3,138,932.11               | \$ 68,640.11                   |
| Miscellaneous     | <u>30,000.00</u>              | <u>67,837.41</u>              | <u>37,837.41</u>               |
|                   | <u><u>\$ 3,100,292.00</u></u> | <u><u>\$ 3,206,769.52</u></u> | <u><u>\$ 106,477.52</u></u>    |

Analysis of Sewer Rents:

|  |                               |
|--|-------------------------------|
| Collections                            | \$ 3,118,559.78               |
| Overpayments Water/Sewer Rents Applied | <u>18,433.83</u>              |
|  | <u><u>\$ 3,138,932.11</u></u> |

Analysis of Nonbudget Revenue

Treasurer:

Interest on Investments:

|                                    |                 |              |
|------------------------------------|-----------------|--------------|
| Water/Sewer Utility Operating Fund | \$ 27,543.26    |              |
| Water/Sewer Utility Capital Fund   | <u>3,015.27</u> |              |
| Total Interest on Investments      |                 | \$ 30,558.53 |

Miscellaneous:

|   |                 |                            |
|---|-----------------|----------------------------|
| Interest & Costs on User Fees & Charges | 27,286.74       |                            |
| Meter Fees                              | 1,050.00        |                            |
| Sewer Connection Fees                   | 4,642.14        |                            |
| Water Construction Fees                 | 150.00          |                            |
| Other Connection Fees                   | <u>4,150.00</u> |                            |
| Total Miscellaneous                     |                 | <u>37,278.88</u>           |
|   |                 | <u><u>\$ 67,837.41</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT



BOROUGH OF ROSELAND  
WATER/SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | Appropriations         |                              | Expended               |                      |
|--|------------------------|------------------------------|------------------------|----------------------|
|  | Budget                 | Budget After<br>Modification | Paid or<br>Charged     | Reserved             |
| Operating:                                   |                        |                              |                        |                      |
| Salaries and Wages                           | \$ 446,540.00          | \$ 446,540.00                | \$ 313,859.73          | \$ 132,680.27        |
| Other Expenses                               | 1,718,317.00           | 1,718,317.00                 | 1,628,258.23           | 90,058.77            |
| Joint Service User Fees                      | 900,000.00             | 900,000.00                   | 613,834.05             | 286,165.95           |
| Deferred Charges and Statutory Expenditures: |                        |                              |                        |                      |
| Statutory Expenditures:                      |                        |                              |                        |                      |
| Contribution to:                             |                        |                              |                        |                      |
| Social Security System (O.A.S.I.)            | 34,935.00              | 34,935.00                    | 22,352.69              | 12,582.31            |
| Unemployment Compensation Insurance          | 500.00                 | 500.00                       | 144.18                 | 355.82               |
|  | <u>\$ 3,100,292.00</u> | <u>\$ 3,100,292.00</u>       | <u>\$ 2,578,448.88</u> | <u>\$ 521,843.12</u> |

Ref.

D

Analysis of Paid or Charged

|                      |                        |
|----------------------|------------------------|
| Cash Disbursed       | \$ 1,511,414.80        |
| Encumbrances Payable | 1,067,034.08           |
|                      | <u>\$ 2,578,448.88</u> |

D

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF ROSELAND  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
 (UNAUDITED)

|                          | December 31,            |                         |
|--------------------------|-------------------------|-------------------------|
|                          | 2017                    | 2016                    |
| <u>ASSETS</u>            |                         |                         |
| Land                     | \$ 17,000.00            | \$ 7,040.00             |
| Buildings                | 7,117,737.20            | 7,095,701.20            |
| Equipment and Vehicles   | 4,535,902.06            | 4,473,922.33            |
| <u>TOTAL ASSETS</u>      | <u>\$ 11,670,639.26</u> | <u>\$ 11,576,663.53</u> |
| <br><u>RESERVES</u>      |                         |                         |
| Reserve for Fixed Assets | <u>\$ 11,670,639.26</u> | <u>\$ 11,576,663.53</u> |
| <u>TOTAL RESERVES</u>    | <u>\$ 11,670,639.26</u> | <u>\$ 11,576,663.53</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Roseland include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by Borough of Roseland, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Roseland do not include the operations of the Volunteer Fire and First Aid Squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Roseland conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 of Roseland accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

BOROUGH OF ROSELAND  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2017  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Trust Fund - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water/Sewer Utility and Capital Funds - Account for the operations, resources and expenditures for the payment of and acquisition of capital facilities of the municipally owned Water/Sewer Utility.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Operating Funds when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body.

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under generally accepted accounting principles, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and the Borough's net pension liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded deferred charges represent improvement authorizations where no or temporary financing has been obtained. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or capital lease purchase agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the period reported. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences - Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved.



BOROUGH OF ROSELAND  
 NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

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.

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

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

General Fixed Assets (Unaudited) - In accordance with N.J.A.C. accounting requirements, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets and buildings are recorded at estimated historical cost, except for land which is recorded at assessed value in the year of acquisition. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the current fund, general capital fund, and sewer utility funds. The values recorded in the general fixed assets account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water/Sewer Utility Funds are recorded in the capital account at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water/Sewer Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Water/Sewer Utility Funds do not record depreciation on fixed assets.

- F. Budget/Budgetary Control - Annual appropriated budgets are usually prepared in the first quarter for the Current, Open Space Trust and Water/Sewer Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds and notes to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds and notes issued by the Borough are general obligation bonds and notes. The Borough's full faith and credit and taxing power have been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

|   | December 31,            |                         |                        |
|---|-------------------------|-------------------------|------------------------|
|   | 2017                    | 2016                    | 2015                   |
| <u>Issued</u>   |                         |                         |                        |
| General:  |                         |                         |                        |
| Bonds and Notes   | \$ 9,614,489.00         | \$10,879,989.00         | \$12,065,039.00        |
| Net Issued Debt   | 9,614,489.00            | 10,879,989.00           | 12,065,039.00          |
| <u>Authorized but not Issued:</u>                           |                         |                         |                        |
| General:  |                         |                         |                        |
| Bonds and Notes   | 1,941,665.76            | 3,266,410.30            | 3,513,236.00           |
| Water/Sewer Utility:  |                         |                         |                        |
| Bonds and Notes   | 1,025,549.90            | 1,025,549.90            | 1,025,549.90           |
|   | 2,967,215.66            | 4,291,960.20            | 4,538,785.90           |
| Less: Reserve to Pay Debt Service                           | 92,713.91               | - 0 -                   | - 0 -                  |
| Net Bonds and Notes Issued and<br>Authorized but not Issued | <u>\$ 12,488,990.75</u> | <u>\$ 15,171,949.20</u> | <u>\$16,603,824.90</u> |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.633%.

|                          | Gross Debt              | Deductions              | Net Debt                |
|--------------------------|-------------------------|-------------------------|-------------------------|
| Local School Debt        | \$ 5,850,000.00         | \$ 5,850,000.00         |                         |
| Regional School Debt     | 4,565,472.97            | 4,565,472.97            |                         |
| Water/Sewer Utility Debt | 1,025,549.90            | 1,025,549.90            |                         |
| General Debt             | 11,556,154.76           | 92,713.91               | \$ 11,463,440.85        |
|                          | <u>\$ 22,997,177.63</u> | <u>\$ 11,533,736.78</u> | <u>\$ 11,463,440.85</u> |

Net Debt: \$11,463,440.85 divided by Average Equalized Valuations of \$1,811,871,453.67 of Real Property = 0.633%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

|   |                        |
|---|------------------------|
| 3-1/2% Average Equalized Valuation of Real Property | \$62,904,057.11        |
| Net Debt  | <u>11,463,440.85</u>   |
| Remaining Borrowing Power                           | <u>\$51,440,616.26</u> |

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

|  |                             |
|--|-----------------------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | \$ 3,206,769.52             |
| Deductions:  |                             |
| Operating and Maintenance Cost                           | <u>2,578,448.88</u>         |
| Excess in Revenue  | <u><u>\$ 628,320.64</u></u> |

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Current Year

|                          | Balance<br>12/31/2016          | Additions                     | Retirements                   | Balance<br>12/31/2017         |
|--------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Serial Bonds:            |                                |                               |                               |                               |
| General Capital Fund     | \$ 3,885,000.00                |                               | \$ 555,000.00                 | \$ 3,330,000.00               |
| Bond Anticipation Notes: |                                |                               |                               |                               |
| General Capital Fund     | <u>6,994,989.00</u>            | <u>\$ 6,284,489.00</u>        | <u>6,994,989.00</u>           | <u>6,284,489.00</u>           |
|                          | <u><u>\$ 10,879,989.00</u></u> | <u><u>\$ 6,284,489.00</u></u> | <u><u>\$ 7,549,989.00</u></u> | <u><u>\$ 9,614,489.00</u></u> |

Summary of Municipal Debt Issued and Outstanding - Prior Year

|                          | Balance<br>12/31/2015          | Additions                     | Retirements                   | Balance<br>12/31/2016          |
|--------------------------|--------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Serial Bonds:            |                                |                               |                               |                                |
| General Capital Fund     | \$ 4,440,000.00                |                               | \$ 555,000.00                 | \$ 3,885,000.00                |
| Bond Anticipation Notes: |                                |                               |                               |                                |
| General Capital Fund     | <u>7,625,039.00</u>            | <u>\$ 6,994,989.00</u>        | <u>7,625,039.00</u>           | <u>6,994,989.00</u>            |
|                          | <u><u>\$ 12,065,039.00</u></u> | <u><u>\$ 6,994,989.00</u></u> | <u><u>\$ 8,180,039.00</u></u> | <u><u>\$ 10,879,989.00</u></u> |

**BOROUGH OF ROSELAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**  
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Borough's debt issued and outstanding on December 31, 2017 is described as follows:

| <u>General Capital Serial Bonds</u>                    |                                |                          |  |
|--|--------------------------------|--------------------------|--|
| <u>Purpose</u>   | <u>Final Maturity<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>Balance Outstanding<br/>Dec. 31, 2017</u> |
| General Improvement                                    | 11/15/2023                     | 3.00%                    | \$ 3,330,000.00                              |
| <u>General Capital Bond Anticipation Notes Payable</u> |                                |                          |  |
| <u>Purpose</u>   | <u>Final Maturity<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>Balance Outstanding<br/>Dec. 31, 2017</u> |
| Improvements to<br>Municipal Building                  | 5/8/2018                       | 2.00%                    | \$ 713,071.00                                |
| Various Improvements                                   | 5/8/2018                       | 2.00%                    | 488,141.00                                   |
| Various Improvements                                   | 5/8/2018                       | 2.00%                    | 71,800.00                                    |
| Fire Pumper Truck                                      | 5/8/2018                       | 2.00%                    | 386,190.00                                   |
| Narrow Band Communication<br>System                    | 5/8/2018                       | 2.00%                    | 203,257.00                                   |
| Various Road Improvements                              | 5/8/2018                       | 2.00%                    | 179,580.00                                   |
| Improvements to Monroe<br>Avenue                       | 5/8/2018                       | 2.00%                    | 30,000.00                                    |
| Acquisition of Rail Road<br>Property                   | 5/8/2018                       | 2.00%                    | 38,000.00                                    |
| Acquisition of Fernwood<br>Property                    | 5/8/2018                       | 2.00%                    | 3,084,000.00                                 |
| Acquisition of Rail Road<br>Property                   | 5/8/2018                       | 2.00%                    | 414,450.00                                   |
| Construction of Salt Shed                              | 5/8/2018                       | 2.00%                    | 453,500.00                                   |
| Restoration of Boro Hall due to<br>Fire Damage         | 5/8/2018                       | 2.00%                    | 79,500.00                                    |
| Restoration of Boro Hall due to<br>Fire Damage         | 5/8/2018                       | 2.00%                    | 6,000.00                                     |
| Replacement of Fire<br>Department Roof                 | 5/8/2018                       | 2.00%                    | 91,000.00                                    |
| Improvements to White<br>Oak Road                      | 5/8/2018                       | 2.00%                    | 46,000.00                                    |
|  |                                |                          | <u>\$ 6,284,489.00</u>                       |
| <b>TOTAL DEBT ISSUED AND OUTSTANDING</b>               |                                |                          | <u><u>\$ 9,614,489.00</u></u>                |

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter

| Calendar<br>Year | General Capital Fund   |                      |                        |
|------------------|------------------------|----------------------|------------------------|
|                  | Principal              | Interest             | Total                  |
| 2018             | \$ 555,000.00          | \$ 121,100.00        | \$ 676,100.00          |
| 2019             | 555,000.00             | 104,450.00           | 659,450.00             |
| 2020             | 555,000.00             | 82,250.00            | 637,250.00             |
| 2021             | 555,000.00             | 55,500.00            | 610,500.00             |
| 2022             | 555,000.00             | 33,300.00            | 588,300.00             |
| 2023             | 555,000.00             | 16,650.00            | 571,650.00             |
|                  | <u>\$ 3,330,000.00</u> | <u>\$ 413,250.00</u> | <u>\$ 3,743,250.00</u> |

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$7,621,200 at December 31, 2016. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$15,393,229 at December 31, 2016.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2017, which have been included in the adopted Current Fund and Water/Sewer Utility Fund budgets for the year ending December 31, 2018, are as follows:

|                                    |                 |
|------------------------------------|-----------------|
| Current Fund                       | \$ 1,192,000.00 |
| Water/Sewer Utility Operating Fund | 1,285,000.00    |

Note 4: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
 (Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$242,989.48 for 2017.

The employee contribution rate was 7.20% effective July 1, 2016 and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At December 31, 2016, the Borough's liability was \$7,621,200 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Borough's proportion was 0.026%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2015. The Borough has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2016 pension information in the Notes to the Financial Statements as the June 30, 2017 pension information has not been released as of the date of this audit.

For the year ended December 31, 2017, the Borough recognized actual pension expense in the amount of \$242,989.48.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was 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:

|                           |                           |
|---------------------------|---------------------------|
| Inflation Rate            | 3.08%                     |
| Salary Increases:         |                           |
| Through 2026              | 1.65 – 4.15% based on age |
| Thereafter                | 2.65 – 5.15% based on age |
| Investment Rate of Return | 7.65%                     |

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

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the table on the following page.

| Asset Class                 | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|-----------------------------|----------------------|--|
| Cash                        | 5.00%                | 0.87%  |
| U.S. Treasuries             | 1.50%                | 1.74%  |
| Investment Grade Credit     | 8.00%                | 1.79%  |
| Mortgages                   | 2.00%                | 1.67%  |
| High Yield Bonds            | 2.00%                | 4.56%  |
| Inflation-Indexed Bonds     | 1.50%                | 3.44%  |
| Broad U.S. Equities         | 26.00%               | 8.53%  |
| Developed Foreign Equities  | 13.25%               | 6.83%  |
| Emerging Market Equities    | 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. U.S.        | 5.00%                | -0.25%                                       |
| REIT                        | 5.25%                | 5.63%  |



BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|   | December 31, 2016         |                                     |                           |
|---|---------------------------|-------------------------------------|---------------------------|
|   | 1%<br>Decrease<br>(2.98%) | Current<br>Discount Rate<br>(3.98%) | 1%<br>Increase<br>(4.98%) |
| Borough's proportionate share<br>of the Net Pension Liability | \$ 9,338,891              | \$ 7,621,200                        | \$ 6,203,097              |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

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

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State 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 local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2016 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Borough contributions to PFRS amounted to \$750,594.15 for the year ended December 31, 2017. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$49,531 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$165,102.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At December 31, 2017, the Borough's liability for its proportionate share of the net pension liability was \$15,393,229. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Borough's proportion was 0.081%, which was an increase of 0.004% from its proportion measured as of June 30, 2015. The Borough has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2016 pension information in the Notes to the Financial Statements as the June 30, 2017 pension information has not been released as of the date of this audit.

BOROUGH OF ROSELAND  
 NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
 (Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$1,292,649 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the Borough 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 members, actuarially determined. At June 30, 2016, the State's proportion was 0.081%, which was an increase of 0.004% from its proportion measured as of June 30, 2015 which is the same proportion as the Borough's. The Borough has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

|   |                      |
|---|----------------------|
| Borough's Proportionate Share of the Net Pension Liability                              | \$ 15,393,229        |
| State's Proportionate Share of the Net Pension Liability Associated<br>with the Borough | <u>1,292,649</u>     |
| Total Net Pension Liability   | <u>\$ 16,685,878</u> |

For the year ended December 31, 2017, the Borough recognized total pension expense of \$750,954.15.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was 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:

|                           |                            |
|---------------------------|----------------------------|
| Inflation Rate            | 3.08%                      |
| Salary Increases:         |                            |
| Through 2026              | 2.10% - 8.98% based on age |
| Thereafter                | 3.10% - 9.98% based on age |
| Investment Rate of Return | 7.65%                      |

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2016 are summarized in the table on the following page.

| <u>Asset Class</u>          | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Cash                        | 5.00%                        | 0.87%   |
| U.S. Treasuries             | 1.50%                        | 1.74%   |
| Investment Grade Credit     | 8.00%                        | 1.79%   |
| Mortgages                   | 2.00%                        | 1.67%   |
| High Yield Bonds            | 2.00%                        | 4.56%   |
| Inflation-Indexed Bonds     | 1.50%                        | 3.44%   |
| Broad U.S. Equities         | 26.00%                       | 8.53%   |
| Developed Foreign Equities  | 13.25%                       | 6.83%   |
| Emerging Market Equities    | 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. U.S.        | 5.00%                        | -0.25%  |
| REIT                        | 5.25%                        | 5.63%   |

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|   | December 31, 2016         |                                     |                           |
|---|---------------------------|-------------------------------------|---------------------------|
|   | 1%<br>Decrease<br>(4.55%) | Current<br>Discount Rate<br>(5.55%) | 1%<br>Increase<br>(6.55%) |
| Borough's proportionate share of the NPL<br>and the State's proportionate share of the Net<br>Pension Liability associated with the Borough | \$21,515,217              | \$16,685,878                        | \$12,747,844              |

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

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

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$2,579.80 for the year ended December 31, 2017. Employee contributions to DCRP amounted to \$4,943.89 for the year ended December 31, 2017.

Note 5: Accrued Vacation Benefits

The Borough permits employees to accrue a limited amount (40 hours or 5 days, depending on the respective bargaining contract) of unused vacation pay, which must be taken as time off through June 30 of the following year or it is forfeited.

It is estimated that the current cost of such unpaid compensation would not be material to the financial statements. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough of Roseland's budget operating expenditures in the year in which it is paid. The accrued liability for vacation benefits is partially funded in the Reserve for Accumulated Absences of \$227,648.05 on the Other Trust Funds balance sheet as of December 31, 2017.

Note 6: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

BOROUGH OF ROSELAND  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2017  
 (Continued)

Note 6: Selected Tax Information (Cont'd)

|                                  | 2017             | 2016             | 2015             |
|----------------------------------|------------------|------------------|------------------|
| <u>Tax Rate</u>                  | \$ 2.253         | \$ 2.218         | \$ 2.223         |
| <u>Apportionment of Tax Rate</u> |                  |                  |                  |
| Municipal                        | 0.637            | 0.625            | 0.620            |
| County                           | 0.561            | 0.557            | 0.563            |
| Local School                     | 0.497            | 0.482            | 0.470            |
| Regional School                  | 0.558            | 0.554            | 0.570            |
| <u>Assessed Valuations</u>       |                  |                  |                  |
| 2017                             | \$ 1,692,381,300 |                  |                  |
| 2016                             |                  | \$ 1,700,603,100 |                  |
| 2015                             |                  |                  | \$ 1,686,911,700 |

Comparison of Tax Levies and Collections Currently

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

| Year | Tax Levy         | Currently        |                           |
|------|------------------|------------------|---------------------------|
|      |                  | Cash Collections | Percentage of Collections |
| 2017 | \$ 38,164,192.28 | \$ 37,497,290.91 | 98.25%                    |
| 2016 | 37,771,407.64    | 37,486,479.52    | 99.24%                    |
| 2015 | 37,664,835.73    | 37,246,499.71    | 98.88%                    |

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 7: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the Borough had no deferred charges.

Note 8: Cash and Cash Equivalents

Cash and cash equivalents include change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.



BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following two pages.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) ) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2017, cash and cash equivalents of the Borough of Roseland consisted of the following:

| <u>Fund</u>                        | <u>Change<br/>Funds</u> | <u>Checking<br/>Accounts</u> | <u>NJ Cash<br/>Management<br/>Fund</u> | <u>Total</u>            |
|------------------------------------|-------------------------|------------------------------|--|-------------------------|
| Current Fund                       | \$ 200.00               | \$ 8,879,601.41              | \$ 509,678.34                          | \$ 9,389,479.75         |
| Animal Control Trust Fund          |                         | 7,496.20                     |  | 7,496.20                |
| Affordable Housing Trust Fund      |                         | 242,286.95                   |  | 242,286.95              |
| Open Space Trust Fund              |                         | 2,335,830.04                 | 322,152.80                             | 2,657,982.84            |
| Other Trust Fund                   |                         | 953,542.04                   | 7,868.08                               | 961,410.12              |
| General Capital Fund               |                         | 2,325,319.77                 |  | 2,325,319.77            |
| Water/Sewer Utility Operating Fund |                         | 2,854,993.45                 | 655,785.90                             | 3,510,779.35            |
| Water/Sewer Utility Capital Fund   |                         | 310,378.43                   |  | 310,378.43              |
|                                    | <u>\$ 200.00</u>        | <u>\$ 17,909,448.29</u>      | <u>\$ 1,495,485.12</u>                 | <u>\$ 19,405,133.41</u> |

During the period ended December 31, 2017, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2017, was \$19,405,133.41 and the bank balance was \$19,415,191.73. The \$1,495,485.12 invested with the State of New Jersey Cash Management Fund is uninsured and/or unregistered.

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 10: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are obtained through the State Health Benefits Plan.

Borough of Roseland is a member of the New Jersey Intergovernmental Insurance Fund, (the "Fund"). The Fund provides its members with workers' compensation, employers' liability, liability other than motor vehicles, property damages other than motor vehicles, motor vehicle and environmental insurance coverage.

The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum.

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2017 audit report was not available as of the date of this audit. Selected summarized financial information for the Fund as of December 31, 2016 is as follows:

|                        | New Jersey<br>Intergovernmental<br>Insurance Fund |
|------------------------|---|
| Total Assets           | \$ 64,055,113                                     |
| Net Position           | \$ 3,738,047                                      |
| Total Revenue          | \$ 18,914,169                                     |
| Total Expenses         | \$ 16,118,159                                     |
| Change in Net Position | \$ 2,796,010                                      |
| Member Dividends       | \$ -0-  |

Financial statements for this fund are available at the Office of the Executive Director:

Polaris Galaxy Insurance, LLC  
777 Terrace Avenue, Suite 309  
Hasbrouck Heights, NJ 07960

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

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 the Borough and employees' contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

| <u>Year</u> | <u>Borough<br/>Contributions</u> | <u>Interest<br/>Earned</u> | <u>Employee<br/>Contributions</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|-------------|----------------------------------|----------------------------|-----------------------------------|------------------------------|---------------------------|
| 2017        | \$ -0-                           | \$ 198.68                  | \$ -0-                            | \$ 11,045.55                 | \$ 24,567.47              |
| 2016        | -0-                              | 105.62                     | 18,234.34                         | 747.60                       | 35,414.34                 |
| 2015        | -0-                              | 93.08                      | -0-                               | 837.24                       | 17,821.98                 |

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2017:

| <u>Fund</u>                  | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|------------------------------|----------------------------------|-------------------------------|
| Current Fund                 | \$ 1,424.66                      | \$ 112,278.54                 |
| Federal and State Grant Fund | 112,278.54                       |                               |
| Animal Control Fund          |                                  | 1,414.60                      |
| Other Trust Funds            |                                  | 10.06                         |
|                              | <u>\$ 113,703.20</u>             | <u>\$ 113,703.20</u>          |

The interfund receivable in the Other Trust Fund due from the Current Fund represents excess interfund advances during the year. The interfund payable from the Current Fund to the Federal and State Grant Fund represents the balance of grant receipts net of expenditures in the Current Fund which were not transferred by December 31. The interfund receivable in the Current Fund due from the Animal Control Fund represents the statutory excess in the Reserve for Animal Control Fund at December 31.

Note 12: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution would not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue, would constitute a liability

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 12: Contingent Liabilities (Cont'd)

of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect any such amounts would be immaterial.

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Tax Assessor will aggressively defend the Borough's assessments. The Borough has established a reserve, which it feels is sufficient, for this contingency in the amount of \$1,069,607.67.

Note 13: Economic Dependency

Borough of Roseland receives a substantial amount of support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 14: Deferred Compensation Plans

The Borough offers its employees deferred compensation plan (the "plan") created in accordance with Section 457 of the Internal Revenue Code. The plan, which is administered by Mass Mutual, is available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 15: Open Space Trust Fund

On November 2, 1999, the Borough created an Open Space Trust Fund with a tax levy of up to \$.04 per \$100 of assessed valuation. The tax levy for the calendar year 2017 was established at \$.02 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Borough. As of December 31, 2017, the balance in the Open Space Trust Fund was \$2,675,982.84.

Note 16: Post-Retirement Medical Benefits

The Borough contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

All employees hired prior to January 1, 1993 shall be entitled to the following health benefits upon retirement from the Borough after twenty-five (25) years of continuous service as a public employee:

Hospitalization and major medical as provided by the NJ State Health Benefits Program with the premium cost only for the individual to be borne by the Borough.

All employees hired after January 1, 1993 shall be entitled to the following health benefits upon retirement after twenty-five (25) years of continuous service with the Borough:

Hospitalization and major medical as provided by the NJ State Health Benefits Program with the premium cost only for the individual to be borne by the Borough.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

BOROUGH OF ROSELAND  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 16: Post-Retirement Medical Benefits (Cont'd)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits  
P.O. Box 295  
Trenton, NJ 08625-0295

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget.

The Borough contributions to SHBP for post-retirement medical benefits for the years ended December 31, 2017, 2016, and 2015, were approximately \$893,551.25, \$852,033.02, and \$800,682.93, respectively, which equaled the required contributions for each year. There were 39, 38 and 39 retired participants eligible at December 31, 2017, 2016, and 2015, respectively.

Note 17: Fixed Assets (Unaudited)

The following is a schedule of the Borough of Roseland's fixed assets:

|                         | Balance<br>Dec. 31, 2016 | Additions            | Disposals           | Balance<br>Dec. 31, 2017 |
|-------------------------|--------------------------|----------------------|---------------------|--------------------------|
| Land and Improvements   | \$ 7,040.00              | \$ 9,960.00          |                     | \$ 17,000.00             |
| Buildings               | 7,095,701.20             | 22,036.00            |                     | 7,117,737.20             |
| Machinery and Equipment | 4,473,922.33             | 129,619.15           | \$ 67,639.42        | 4,535,902.06             |
|                         | <u>\$11,576,663.53</u>   | <u>\$ 161,615.15</u> | <u>\$ 67,639.42</u> | <u>\$ 11,670,639.26</u>  |

BOROUGH OF ROSELAND

SUPPLEMENTARY DATA

BOROUGH OF ROSELAND  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2017

| <u>Name</u>       | <u>Title</u>   | <u>Amount of<br/>Bond</u> | <u>Name of Corporate Surety</u> |
|-------------------|--|---------------------------|---------------------------------|
| John Duthie       | Mayor  |                           |                                 |
| Mark Vidovich     | Council Member                                       |                           |                                 |
| David Jacobs      | Council Member                                       |                           |                                 |
| Michele Tolli     | Council Member                                       |                           |                                 |
| Peter Smith       | Council Member                                       |                           |                                 |
| Thomas Tsilionis  | Council Member                                       |                           |                                 |
| Richard Leonard   | Council Member                                       |                           |                                 |
| Maureen Chumacas  | Borough Administrator/QPA                            | **                        | NJIIF                           |
| Maureen Chumacas  | Chief Financial Officer/ Treasurer                   | **                        | NJIIF                           |
| Jock Watkins      | Borough Clerk  | **                        | NJIIF                           |
| Maureen Chumacas  | Tax Collector  | **                        | NJIIF                           |
| Gail Tyna         | Planning Board Secretary (Through<br>February 2017)  | **                        | NJIIF                           |
| Angela Russamano  | Planning Board Secretary (March to<br>October 2017)  | **                        | NJIIF                           |
| Melissa Barnes    | Planning Board Secretary (Starting<br>November 2017) | **                        | NJIIF                           |
| Lee Ann Leonard   | Board of Adjustment Secretary                        | **                        | NJIIF                           |
| Ethan Sheffet     | Borough Attorney                                     | **                        | NJIIF                           |
| William Connell   | Municipal Magistrate                                 | **                        | NJIIF                           |
| Alla Nudel        | Court Administrator                                  | **                        | NJIIF                           |
| Richard McDonough | Police Chief   |                           |                                 |

\*\* There is a Public Employee Blanket Bond for \$1,000,000 covering all municipal employees.

All bonds were examined and were properly executed.



BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
CURRENT FUND

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF CASH

|  | <u>Ref.</u>      |                             |
|--|------------------|-----------------------------|
| Balance December 31, 2016                | A                | \$ 7,051,882.49             |
| Increased by Receipts:                   |                  |                             |
| Tax Collector                            | \$ 39,947,201.09 |                             |
| Revenue Accounts Receivable              | 3,029,400.48     |                             |
| Miscellaneous Revenue Not Anticipated    | 258,162.69       |                             |
| Due Federal and State Grant Fund:        |                  |                             |
| Grants Receivable                        | 34,776.37        |                             |
| Unappropriated Grant Reserves            | 23,028.08        |                             |
| Due Animal Control Trust Fund            | 8,407.06         |                             |
| Due Other Trust Funds                    | 100.81           |                             |
| Due State of New Jersey:                 |                  |                             |
| Marriage License Fees                    | 650.00           |                             |
| DCA Training Fees                        | 18,550.00        |                             |
| Veterans and Senior Citizens' Deductions | 41,961.64        |                             |
|  | <hr/>            | 43,362,238.22               |
|  |                  | <hr/> 50,414,120.71         |
| Decreased by Disbursements:              |                  |                             |
| 2017 Appropriation Expenditures          | 11,726,801.81    |                             |
| 2016 Appropriation Reserves              | 481,782.27       |                             |
| Accounts Payable                         | 47,754.22        |                             |
| Local School Taxes                       | 8,388,386.00     |                             |
| Regional School Taxes                    | 9,446,780.00     |                             |
| County Taxes                             | 9,506,287.20     |                             |
| Due to Other Trust Funds:                |                  |                             |
| Third Party Lien Redemptions             | 47,841.68        |                             |
| Interfund Returned                       | 119.66           |                             |
| Municipal Open Space Tax Levy            | 338,470.14       |                             |
| Due Federal and State Grant Fund:        |                  |                             |
| Appropriated Reserves                    | 56,947.36        |                             |
| Due General Capital Fund:                |                  |                             |
| Budget Appropriation                     | 200,000.00       |                             |
| Due State of New Jersey:                 |                  |                             |
| Marriage License Fees                    | 650.00           |                             |
| DCA Training Fees                        | 16,755.00        |                             |
| Reserve for Pending Tax Appeals          | 755,179.07       |                             |
| Refund of Prior Year Revenue             | 443.00           |                             |
| Tax Overpayments Refunded                | 10,643.55        |                             |
|  | <hr/>            | 41,024,840.96               |
| Balance December 31, 2017                | A                | <hr/> <hr/> \$ 9,389,279.75 |

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2017

Increased by Receipts:

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Taxes Receivable             | \$ 37,564,449.02 |                  |
| Third Party Lien Redemptions | 47,841.68        |                  |
| 2018 Prepaid Taxes           | 1,875,080.42     |                  |
| Tax Overpayments             | 384,653.44       |                  |
| Interest and Cost on Taxes   | 75,176.53        |                  |
| Total Receipts               |                  | \$ 39,947,201.09 |

Decreased by Disbursements:

|                             |                  |
|-----------------------------|------------------|
| Paid to Municipal Treasurer | \$ 39,947,201.09 |
|-----------------------------|------------------|

BOROUGH OF ROSELAND  
SCHEDULE OF CASH - GRANT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| Year | Balance<br>Dec. 31, 2016 | 2017 Levy               | Collections          |                         | NJ Veterans' &<br>Senior Citizens'<br>Deductions | Overpayments<br>Applied | Cancelled            | Transferred to<br>Tax Title Liens | Balance<br>Dec. 31, 2017 |
|------|--------------------------|-------------------------|----------------------|-------------------------|--|-------------------------|----------------------|-----------------------------------|--------------------------|
|      |                          |                         | 2016                 | 2017                    |  |                         |                      |                                   |                          |
| 2016 | \$ 255,391.01            |                         |                      | \$ 253,494.47           | \$ (824.66)                                      |                         | \$ 2,721.20          |                                   |                          |
| 2017 |                          | \$ 38,164,192.28        | \$ 142,382.40        | \$ 37,310,954.55        | 43,000.00  | \$ 953.96               | 395,608.78           | \$ 17,077.74                      | \$ 254,214.85            |
|      | <u>\$ 255,391.01</u>     | <u>\$ 38,164,192.28</u> | <u>\$ 142,382.40</u> | <u>\$ 37,564,449.02</u> | <u>\$ 42,175.34</u>                              | <u>\$ 953.96</u>        | <u>\$ 398,329.98</u> | <u>\$ 17,077.74</u>               | <u>\$ 254,214.85</u>     |

Ref. A

Analysis of 2017 Property Tax Levy:

Tax Yield:

General Purpose Tax  
 Added and Omitted Taxes

\$ 38,129,351.57  
34,840.71  
\$ 38,164,192.28

Tax Levy:

Local School District Taxes  
 Regional School District Taxes  
 County Taxes  
 County Added and Omitted Taxes  
 County Open Space Tax Levied

\$ 8,388,386.00  
 9,446,780.00  
  
 \$ 9,215,802.39  
 8,678.91  
277,412.89  
 9,501,894.19  
338,470.14  
27,675,530.33

Municipal Open Space Tax Levied

Local Tax for Municipal Purposes Levied  
 Minimum Library Tax  
 Add: Additional Tax Levied

9,837,787.97  
 609,626.42  
41,247.56  
 10,488,661.95  
\$ 38,164,192.28

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

|                                     | <u>Ref.</u> |                            |
|-------------------------------------|-------------|----------------------------|
| Balance December 31, 2016           | A           | \$ 77,375.10               |
| Increased by:                       |             |                            |
| Transfer from 2017 Taxes Receivable |             | <u>17,077.74</u>           |
| Balance December 31, 2017           | A           | <u><u>\$ 94,452.84</u></u> |

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

|                                       | <u>Balance</u><br><u>Dec. 31, 2016</u> | <u>Accrued In</u><br><u>2017</u> | <u>Collected by</u><br><u>Treasurer</u> | <u>Balance</u><br><u>Dec. 31, 2017</u> |
|---------------------------------------|--|----------------------------------|---|--|
| Municipal Clerk:                      |  |                                  |   |  |
| Alcoholic Beverage Licenses           |  | \$ 5,094.00                      | \$ 5,094.00                             |  |
| Other Licenses                        |  | 2,160.00                         | 2,160.00                                |  |
| Fees and Permits                      |  | 11,082.87                        | 11,082.87                               |  |
| Board of Health:                      |  |                                  |   |  |
| Other Licenses                        |  | 17,073.00                        | 17,073.00                               |  |
| Recreation:                           |  |                                  |   |  |
| Fees and Permits                      |  | 1,771.05                         | 1,771.05                                |  |
| Registrar:                            |  |                                  |   |  |
| Fees and Permits                      |  | 7,985.00                         | 7,985.00                                |  |
| Construction Code Official:           |  |                                  |   |  |
| Fees and Permits                      |  | 248,728.00                       | 248,728.00                              |  |
| Fire Prevention Bureau:               |  |                                  |   |  |
| Fees and Permits                      |  | 312.00                           | 312.00                                  |  |
| Department of Public Works:           |  |                                  |   |  |
| Fees and Permits                      |  | 450.10                           | 450.10                                  |  |
| Zoning:                               |  |                                  |   |  |
| Fees and Permits                      |  | 39,000.00                        | 39,000.00                               |  |
| Board of Adjustment:                  |  |                                  |   |  |
| Fees and Permits                      |  | 7,375.00                         | 7,375.00                                |  |
| Municipal Court:                      |  |                                  |   |  |
| Fines and Costs                       | \$ 12,533.05                           | 162,570.31                       | 166,561.99                              | \$ 8,541.37                            |
| Interest on Investments               |  | 77,709.57                        | 77,709.57                               |  |
| Cablevision Franchise Fee             |  | 120,296.59                       | 120,296.59                              |  |
| Cell Tower Rental                     |  | 73,791.96                        | 73,791.96                               |  |
| Lease Agreement                       |  | 127,381.68                       | 127,381.68                              |  |
| Energy Receipts Taxes                 |  | 837,731.00                       | 837,731.00                              |  |
| Water/Sewer Utility Operating Surplus |  | 1,285,000.00                     | 1,285,000.00                            |  |
|                                       | <u>\$ 12,533.05</u>                    | <u>\$ 3,025,512.13</u>           | <u>\$ 3,029,503.81</u>                  | <u>\$ 8,541.37</u>                     |
| <u>Ref.</u>                           | A                                      |                                  |   | A                                      |
| Analysis of Collections:              |  |                                  |   |  |
| Cash Collections                      |  |                                  | \$ 3,029,400.48                         |  |
| Due from Other Trust Fund             |  |                                  | 103.33                                  |  |
|                                       |  |                                  | <u>\$ 3,029,503.81</u>                  |  |

BOROUGH OF ROSELAND  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

|  | Balance<br>Dec. 31, 2016 | 2017 Budget<br>Revenue<br>Realized | Cash<br>Received    | Transfer from<br>Unappropriated<br>Grant Reserves | Cancelled          | Balance<br>Dec. 31, 2017 |
|--|--------------------------|------------------------------------|---------------------|---|--------------------|--------------------------|
| Recycling Tonnage Grant                            |                          | \$ 6,416.48                        | \$ 6,416.48         |   |                    |                          |
| Drunk Driving Enforcement Fund                     |                          | 3,637.60                           | 3,637.60            |   |                    |                          |
| Bullet Proof Vest Program                          | \$ 3,240.00              |                                    |                     |   | \$ 3,240.00        |                          |
| Municipal Alliance on Alcoholism<br>and Drug Abuse | 5,900.00                 | 6,000.00                           | 4,722.29            |   | 1,177.71           | \$ 6,000.00              |
| Body Armor Replacement Fund                        |                          | 2,424.77                           |                     | \$ 2,424.77                                       |                    |                          |
| State Forestry Grant                               | 20,000.00                |                                    | 20,000.00           |   |                    |                          |
| Assistance to Firefighters Grant                   |                          | 15,239.00                          |                     |   |                    | 15,239.00                |
|  | <u>\$ 29,140.00</u>      | <u>\$ 33,717.85</u>                | <u>\$ 34,776.37</u> | <u>\$ 2,424.77</u>                                | <u>\$ 4,417.71</u> | <u>\$ 21,239.00</u>      |

Ref.

A

A

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

|   | Balance<br>Dec. 31, 2016 | Balance<br>After<br>Transfer | Paid or<br>Charged | Balance<br>Lapsed |
|---|--------------------------|------------------------------|--------------------|-------------------|
| General Government:                         |                          |                              |                    |                   |
| Administrative and Executive:               |                          |                              |                    |                   |
| Salaries and Wages                          | \$ 39,717.52             | \$ 38,522.78                 | \$ 2,299.69        | \$ 36,223.09      |
| Other Expenses                              | 14,678.35                | 14,678.35                    | 7,146.85           | 7,531.50          |
| Office of Borough Clerk:                    |                          |                              |                    |                   |
| Salaries and Wages                          | 420.68                   | 420.68                       | 307.69             | 112.99            |
| Other Expenses                              | 25,377.08                | 25,377.08                    | 10,494.30          | 14,882.78         |
| Financial Administration:                   |                          |                              |                    |                   |
| Salaries and Wages                          |                          | 597.37                       | 597.37             |                   |
| Other Expenses                              | 2,608.00                 | 2,608.00                     |                    | 2,608.00          |
| Audit Services:                             |                          |                              |                    |                   |
| Other Expenses                              | 34,400.00                | 34,400.00                    | 26,520.00          | 7,880.00          |
| Computerized Data Service:                  |                          |                              |                    |                   |
| Other Expenses                              | 10,855.85                | 10,855.85                    | 10,855.85          |                   |
| Collection of Taxes:                        |                          |                              |                    |                   |
| Salaries and Wages                          |                          | 597.37                       | 597.37             |                   |
| Other Expenses                              | 2,310.96                 | 2,310.96                     | 30.00              | 2,280.96          |
| Assessment of Taxes:                        |                          |                              |                    |                   |
| Other Expenses                              | 34,642.11                | 34,642.11                    | 1,063.50           | 33,578.61         |
| Legal Services and Costs:                   |                          |                              |                    |                   |
| Salaries and Wages                          | 62.35                    | 62.35                        |                    | 62.35             |
| Other Expenses                              | 172,076.19               | 172,076.19                   | 35,277.15          | 136,799.04        |
| Engineering Services and Costs:             |                          |                              |                    |                   |
| Other Expenses                              | 20,092.50                | 20,092.50                    | 12,769.00          | 7,323.50          |
| Historic Preservation Commission:           |                          |                              |                    |                   |
| Other Expenses                              | 1,122.81                 | 1,122.81                     |                    | 1,122.81          |
| Municipal Land Use Law (N.J.S.A. 40:55D-1): |                          |                              |                    |                   |
| Planning Board:                             |                          |                              |                    |                   |
| Salaries and Wages                          |                          | 379.28                       | 379.28             |                   |
| Other Expenses                              | 47,720.60                | 47,341.32                    | 14,446.75          | 32,894.57         |
| Board of Adjustment:                        |                          |                              |                    |                   |
| Salaries and Wages                          | 31.76                    | 31.76                        |                    | 31.76             |
| Other Expenses                              | 8,034.47                 | 8,034.47                     | 29.07              | 8,005.40          |
| Affordable Housing:                         |                          |                              |                    |                   |
| Other Expenses                              | 20,190.79                | 20,190.79                    | 626.42             | 19,564.37         |
| Insurance - Employee Group                  | 55,985.00                | 55,985.00                    | 20,953.08          | 35,031.92         |
| Health Waiver                               | 3,999.76                 | 3,999.76                     |                    | 3,999.76          |
| Unemployment Compensation                   | 1,292.47                 | 1,292.47                     | 83.76              | 1,208.71          |



BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|                                       | Balance<br>Dec. 31, 2016 | Balance<br>After<br>Transfer | Paid or<br>Charged | Balance<br>Lapsed |
|---------------------------------------|--------------------------|------------------------------|--------------------|-------------------|
| Public Safety:                        |                          |                              |                    |                   |
| Police:                               |                          |                              |                    |                   |
| Salaries and Wages                    | \$ 134,268.56            | \$ 134,268.56                | \$ 65,485.78       | \$ 68,782.78      |
| Other Expenses                        | 30,319.18                | 30,319.18                    | 21,611.27          | 8,707.91          |
| Police Dispatch/911:                  |                          |                              |                    |                   |
| Other Expenses                        | 1.04                     | 648.96                       | 648.96             |                   |
| Emergency Management:                 |                          |                              |                    |                   |
| Salaries and Wages                    | 9.63                     | 9.63                         |                    | 9.63              |
| Other Expenses                        | 3,453.56                 | 3,453.56                     | 3,453.56           |                   |
| First Aid Organization - Contribution | 4.40                     | 4.40                         |                    | 4.40              |
| Fire Department:                      |                          |                              |                    |                   |
| Other Expenses                        | 31,239.43                | 31,239.43                    | 29,114.94          | 2,124.49          |
| Fire Prevention Bureau:               |                          |                              |                    |                   |
| Salaries and Wages                    | 1,280.53                 | 1,280.53                     |                    | 1,280.53          |
| Other Expenses                        | 2,650.80                 | 2,650.80                     | 140.20             | 2,510.60          |
| Prosecutor:                           |                          |                              |                    |                   |
| Salaries and Wages                    | 0.86                     | 0.86                         |                    | 0.86              |
| Other Expenses                        | 1,600.90                 | 1,600.90                     |                    | 1,600.90          |
| Municipal Court:                      |                          |                              |                    |                   |
| Salaries and Wages                    | 3,149.56                 | 3,149.56                     | 1,914.99           | 1,234.57          |
| Other Expenses                        | 3,162.38                 | 3,162.38                     | 300.63             | 2,861.75          |
| Public Defender:                      |                          |                              |                    |                   |
| Salaries and Wages                    | 721.69                   | 721.69                       |                    | 721.69            |
| Other Expenses                        | 500.00                   | 500.00                       |                    | 500.00            |
| Public Works:                         |                          |                              |                    |                   |
| Road Repairs and Maintenance:         |                          |                              |                    |                   |
| Salaries and Wages                    | 72,732.72                | 67,162.43                    | 5,017.01           | 62,145.42         |
| Other Expenses                        | 14,959.41                | 14,959.41                    | 10,935.62          | 4,023.79          |
| Storm Clearance:                      |                          |                              |                    |                   |
| Salaries and Wages                    | 15,871.88                | 15,871.88                    |                    | 15,871.88         |
| Other Expenses                        | 8,448.17                 | 8,448.17                     | 747.50             | 7,700.67          |
| Shade Tree Commission:                |                          |                              |                    |                   |
| Salaries and Wages                    | 37.89                    | 37.89                        |                    | 37.89             |
| Other Expenses                        | 25,250.00                | 25,250.00                    | 22,612.00          | 2,638.00          |
| Solid Waste Collection:               |                          |                              |                    |                   |
| Other Expenses                        | 132,027.14               | 132,027.14                   | 86,119.17          | 45,907.97         |
| Building and Grounds:                 |                          |                              |                    |                   |
| Salaries and Wages                    | 220.34                   | 6,386.39                     | 6,386.39           |                   |
| Other Expenses                        | 49,026.08                | 47,782.40                    | 25,883.24          | 21,899.16         |

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|                                      | Balance<br>Dec. 31, 2016 | Balance<br>After<br>Transfer | Paid or<br>Charged | Balance<br>Lapsed |
|--------------------------------------|--------------------------|------------------------------|--------------------|-------------------|
| Public Works:                        |                          |                              |                    |                   |
| Vehicle Maintenance:                 |                          |                              |                    |                   |
| Salaries and Wages                   | \$ 934.60                | \$ 934.60                    | \$ 578.29          | \$ 356.31         |
| Other Expenses                       | 31,460.10                | 31,460.10                    | 9,244.92           | 22,215.18         |
| Condominium Service Act:             |                          |                              |                    |                   |
| Other Expenses                       | 44,000.00                | 44,000.00                    |                    | 44,000.00         |
| Health and Welfare:                  |                          |                              |                    |                   |
| Board of Health:                     |                          |                              |                    |                   |
| Other Expenses                       | 1,988.24                 | 1,988.24                     |                    | 1,988.24          |
| Environmental Commission:            |                          |                              |                    |                   |
| Other Expenses                       | 1,000.00                 | 1,000.00                     |                    | 1,000.00          |
| Contributions to Social Services:    |                          |                              |                    |                   |
| Other Expenses                       | 2,050.00                 | 2,050.00                     |                    | 2,050.00          |
| Municipal Youth Guidance:            |                          |                              |                    |                   |
| Other Expenses                       | 573.20                   | 573.20                       | 50.88              | 522.32            |
| Recreation and Education:            |                          |                              |                    |                   |
| Public Recreation Program:           |                          |                              |                    |                   |
| Salaries and Wages                   | 6,399.66                 | 6,399.66                     | 701.15             | 5,698.51          |
| Other Expenses                       | 15,717.98                | 15,717.98                    | 7,649.07           | 8,068.91          |
| Other Common Operating Functions:    |                          |                              |                    |                   |
| Beautification Committee:            |                          |                              |                    |                   |
| Other Expenses                       | 5,426.76                 | 5,426.76                     | 2,531.00           | 2,895.76          |
| Citizen Notifications:               |                          |                              |                    |                   |
| Other Expenses                       | 8,749.10                 | 8,749.10                     | 870.00             | 7,879.10          |
| Senior Citizens' Advisory Committee: |                          |                              |                    |                   |
| Other Expenses                       | 1,450.02                 | 1,450.02                     | 160.10             | 1,289.92          |
| Uniform Construction Code:           |                          |                              |                    |                   |
| Construction Code Official:          |                          |                              |                    |                   |
| Salaries and Wages                   | 2,690.35                 | 2,690.35                     |                    | 2,690.35          |
| Other Expenses                       | 15,323.39                | 15,323.39                    | 133.09             | 15,190.30         |
| Unclassified:                        |                          |                              |                    |                   |
| Utilities:                           |                          |                              |                    |                   |
| Electricity                          | 64,482.05                | 64,482.05                    | 12,824.07          | 51,657.98         |
| Street Lighting                      | 47,797.79                | 47,797.79                    | 24,082.34          | 23,715.45         |
| Telephone and Telegraph              | 15.76                    | 15.76                        |                    | 15.76             |

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

|  | <u>Balance</u><br><u>Dec. 31, 2016</u> | <u>Balance</u><br><u>After</u><br><u>Transfer</u> | <u>Paid or</u><br><u>Charged</u> | <u>Balance</u><br><u>Lapsed</u> |
|--|--|---|----------------------------------|---------------------------------|
| Unclassified:                                |  |   |                                  |                                 |
| Utilities:                                   |  |   |                                  |                                 |
| Heating                                      | \$ 51,570.56                           | \$ 51,570.56                                      | \$ 10,333.90                     | \$ 41,236.66                    |
| Fuel Oil                                     | 1,500.00                               | 1,500.00  |                                  | 1,500.00                        |
| Gasoline                                     | 74,471.99                              | 74,471.99   | 1,319.23                         | 73,152.76                       |
| Deferred Charges and Statutory Expenditures: |  |   |                                  |                                 |
| Contribution to:                             |  |   |                                  |                                 |
| Public Employees Retirement System           | 21,530.00                              | 21,530.00   |                                  | 21,530.00                       |
| Social Security                              | 9,553.07                               | 9,553.07  | 2,344.75                         | 7,208.32                        |
| DCRP   | 1,648.12                               | 1,648.12  | 113.10                           | 1,535.02                        |
| Interlocal Agreements:                       |  |   |                                  |                                 |
| Health Services                              | 0.43                                   | 0.43  |                                  | 0.43                            |
|  | <u>\$ 1,436,888.57</u>                 | <u>\$ 1,436,888.57</u>                            | <u>\$ 497,784.28</u>             | <u>\$ 939,104.29</u>            |

|                                  |            |                        |
|----------------------------------|------------|------------------------|
|                                  | <u>Ref</u> |                        |
| <u>Balance December 31, 2016</u> |            |                        |
| Encumbered                       | A          | \$ 768,885.89          |
| Unencumbered                     | A          | <u>668,002.68</u>      |
|                                  |            | <u>\$ 1,436,888.57</u> |

|                  |                      |
|------------------|----------------------|
| Cash Disbursed   | \$ 481,782.27        |
| Accounts Payable | <u>16,002.01</u>     |
|                  | <u>\$ 497,784.28</u> |

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

Ref.

Increased by:

Levy - Calendar 2017

\$ 9,446,780.00

Decreased by:

Payments to Regional School District

\$ 9,446,780.00

BOROUGH OF ROSELAND  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

Increased by:

Levy - Calendar Year 2017

\$ 8,388,386.00

Decreased by:

Payments to Local School District

\$ 8,388,386.00

BOROUGH OF ROSELAND  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

|  | Balance<br>Dec. 31, 2016 | Transferred from<br>2017 Budget<br>Appropriations | Expended    | Cancelled   | Balance<br>Dec. 31, 2017 |
|--|--------------------------|---|-------------|-------------|--------------------------|
| Alcohol Education and Rehabilitation Fund        | \$ 5.72                  | \$ 2,424.77                                       | \$ 5,029.62 |             | \$ 5.72                  |
| Body Armor Replacement Fund                      | 2,604.85                 |   |             |             |                          |
| Clean Communities Grant:                         |                          |   |             |             |                          |
| 2009   | 2,153.95                 |   | 2,153.95    |             |                          |
| 2010   | 2,413.09                 |   | 2,413.09    |             |                          |
| 2011   | 5,746.47                 |   | 910.96      | \$ 4,835.51 |                          |
| 2012   | 7,687.68                 |   |             | 7,687.68    |                          |
| 2014   | 14,093.46                |   |             | 2,050.38    | 12,043.08                |
| 2015   | 8,463.54                 |   |             |             | 8,463.54                 |
| 2016   | 12,900.66                |   |             |             | 12,900.66                |
| Drunk Driving Enforcement Fund                   | 628.28                   | 3,637.60  |             |             | 4,265.88                 |
| Bullet Proof Vest Program                        | 3,240.00                 |   |             | 3,240.00    |                          |
| Environmental Sustainable New Jersey             | 171.26                   |   |             |             | 171.26                   |
| 2015 Essex County Open Space                     | 1,000.00                 |   |             |             | 1,000.00                 |
| Municipal Alliance on Alcoholism and Drug Abuse: |                          |   |             |             |                          |
| 2016   | 7,435.92                 |   | 6,258.21    | 1,177.71    |                          |
| 2017   |                          | 7,700.00  | 1,875.00    |             | 5,825.00                 |
| Hazardous Mitigation Grant                       | 44.16                    |   |             | 44.16       |                          |
| PSE&G Susquehanna                                | 147.96                   |   |             | 147.96      |                          |
| Recycling Tonnage Grant                          | 17,875.65                | 6,416.48  | 21,713.23   |             | 2,578.90                 |
| Williams Transco Pipeline                        | 18,407.34                |   | 15,025.00   |             | 3,382.34                 |

BOROUGH OF ROSELAND  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

|                                  | Balance<br>Dec. 31, 2016 | Transferred from<br>2017 Budget<br>Appropriations | Expended            | Cancelled           | Balance<br>Dec. 31, 2017 |
|----------------------------------|--------------------------|---|---------------------|---------------------|--------------------------|
| Livingston Elks Recreation       | \$ 2,000.00              |   | \$ 1,568.30         |                     | \$ 431.70                |
| Assistance to Firefighters Grant |                          | \$ 16,000.00                                      |                     |                     | 16,000.00                |
|                                  | <u>\$ 107,019.99</u>     | <u>\$ 36,178.85</u>                               | <u>\$ 56,947.36</u> | <u>\$ 19,183.40</u> | <u>\$ 67,068.08</u>      |

Ref.      A

A

|                      |                     |
|----------------------|---------------------|
| Budget Appropriation | \$ 33,717.85        |
| Local Match          | 2,461.00            |
|                      | <u>\$ 36,178.85</u> |

BOROUGH OF ROSELAND  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

|                             | Balance<br>Dec. 31, 2016 | Cash<br>Receipts    | Transferred to<br>2017 Budget<br>Revenue | Balance<br>Dec. 31, 2017 |
|-----------------------------|--------------------------|---------------------|--|--------------------------|
| Recycling Tonnage Grant     |                          | \$ 9,479.19         |  | \$ 9,479.19              |
| Body Armor Replacement Fund | \$ 2,424.77              | 2,588.97            | \$ 2,424.77                              | 2,588.97                 |
| Clean Communities Grant     |                          | 10,959.92           |  | 10,959.92                |
|                             | <u>\$ 2,424.77</u>       | <u>\$ 23,028.08</u> | <u>\$ 2,424.77</u>                       | <u>\$ 23,028.08</u>      |

Ref.

A

A



BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
TRUST FUNDS

BOROUGH OF ROSELAND  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

|                                  | Ref. | Animal Control Fund | Other Trust Funds | Affordable Housing | Open Space      |
|----------------------------------|------|---------------------|-------------------|--------------------|-----------------|
| Balance December 31, 2016        | B    | \$ 14,793.06        | \$ 1,102,473.92   | \$ 248,763.32      | \$ 2,743,609.03 |
| Increased by Receipts:           |      |                     |                   |                    |                 |
| Due Current Fund:                |      |                     |                   |                    |                 |
| Interest on Investments          |      | \$ 147.79           | \$ 222.99         |                    |                 |
| Dog License Fees                 |      | 2,323.20            |                   |                    |                 |
| Cat License Fees                 |      | 224.00              |                   |                    |                 |
| Late Fees                        |      | 182.00              |                   |                    |                 |
| State Registration Fees          |      | 391.80              |                   |                    |                 |
| Open Space Trust:                |      |                     |                   |                    |                 |
| Interest on Investments          |      |                     |                   |                    | \$ 14,743.75    |
| Tax Levy                         |      |                     |                   |                    | 338,470.14      |
| Reserve for:                     |      |                     |                   |                    |                 |
| Coalition on Affordable Housing  |      |                     | 4,000.00          | \$ 7,786.23        |                 |
| State Unemployment Insurance     |      |                     | 198.68            |                    |                 |
| Developer's Eserow               |      |                     | 73,442.91         |                    |                 |
| Recreation Commisson             |      |                     | 118,213.00        |                    |                 |
| Police Outside Duty              |      |                     | 75,740.00         |                    |                 |
| Municipal Youth Council          |      |                     | 186.16            |                    |                 |
| Auxiliary Police Trust Fund      |      |                     | 3,000.00          |                    |                 |
| Police Donations                 |      |                     | 5,075.00          |                    |                 |
| Accumulated Absences             |      |                     | 226,000.00        |                    |                 |
| Parking Offense Adjudication Act |      |                     | 232.00            |                    |                 |
| Public Defender                  |      |                     | 657.00            |                    |                 |
| Lien Redemption                  |      |                     | 33,900.56         |                    |                 |
| 9/11 Scholarship Fund            |      |                     | 74.56             |                    |                 |
|                                  |      | 3,268.79            | 540,942.86        | 7,786.23           | 353,213.89      |
|                                  |      | 18,061.85           | 1,643,416.78      | 256,549.55         | 3,096,822.92    |

BOROUGH OF ROSELAND  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER  
(Continued)

|                                   | <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Other Trust Funds</u> | <u>Affordable Housing</u> | <u>Open Space</u>      |
|-----------------------------------|-------------|----------------------------|--------------------------|---------------------------|------------------------|
| Decreased by Disbursements:       |             |                            |                          |                           |                        |
| Due Current Fund:                 |             |                            |                          |                           |                        |
| Interest on Investments           |             | \$ 147.79                  | \$ 100.81                |                           |                        |
| Prior Year Interfund Returned     |             | 8,407.06                   |                          |                           |                        |
| Miscellaneous                     |             | 1,619.00                   |                          |                           |                        |
| State Registration Fees           |             | 391.80                     |                          |                           |                        |
| Open Space Trust                  |             |                            |                          |                           | \$ 438,840.08          |
| Reserve for:                      |             |                            |                          |                           |                        |
| Coalition on Affordable Housing   |             |                            | 2,756.66                 | \$ 14,262.60              |                        |
| State Unemployment Insurance      |             |                            | 11,045.55                |                           |                        |
| Developer's Escrow                |             |                            | 348,222.64               |                           |                        |
| Recreation Commission             |             |                            | 123,130.45               |                           |                        |
| Community Development Block Grant |             |                            | 28,500.00                |                           |                        |
| Police Outside Duty               |             |                            | 64,005.38                |                           |                        |
| Tax Sale Premiums                 |             |                            | 60,300.00                |                           |                        |
| Auxiliary Police Trust Fund       |             |                            | 1,866.44                 |                           |                        |
| Police Donations                  |             |                            | 3,637.52                 |                           |                        |
| Public Defender                   |             |                            | 657.00                   |                           |                        |
| Lien Redemption                   |             |                            | 33,857.56                |                           |                        |
| Forfeited Property                |             |                            | 664.65                   |                           |                        |
| Hydrant Deposit                   |             |                            | 50.00                    |                           |                        |
| 9/11 Scholarship Fund             |             |                            | 2,250.00                 |                           |                        |
| Tsunami Relief Fund               |             |                            | 962.00                   |                           |                        |
|                                   |             | <u>10,565.65</u>           | <u>682,006.66</u>        | <u>14,262.60</u>          | <u>438,840.08</u>      |
| Balance December 31, 2017         | B           | <u>\$ 7,496.20</u>         | <u>\$ 961,410.12</u>     | <u>\$ 242,286.95</u>      | <u>\$ 2,657,982.84</u> |

BOROUGH OF ROSELAND  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

BOROUGH OF ROSELAND  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

|                                    | <u>Ref.</u> |                    |
|------------------------------------|-------------|--------------------|
| Balance December 31, 2016          | B           | \$ 6,386.00        |
| Increased by:                      |             |                    |
| Dog Licenses Fees                  |             | \$ 2,323.20        |
| Cat Licenses Fees                  |             | 224.00             |
| Late Fees                          |             | 182.00             |
|                                    |             | <u>2,729.20</u>    |
|                                    |             | 9,115.20           |
| Decreased by:                      |             |                    |
| Expenditures Under R.S. 4:19-15.11 |             | 1,619.00           |
| Statutory Excess Due Current Fund  |             | 1,414.60           |
|                                    |             | <u>3,033.60</u>    |
| Balance December 31, 2017          | B           | <u>\$ 6,081.60</u> |

| <u>License Fees Collected</u> | <u>Amount</u>      |
|-------------------------------|--------------------|
| <u>Year</u>                   |                    |
| 2015                          | \$ 3,004.80        |
| 2016                          | 3,076.80           |
|                               | <u>6,081.60</u>    |
| Maximum Allowable Reserve     | <u>\$ 6,081.60</u> |

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
GENERAL CAPITAL FUND

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

|   | <u>Ref.</u>   |                               |
|---|---------------|-------------------------------|
| Balance December 31, 2016                   | C             | \$ 2,406,916.03               |
| Increased by Receipts:                      |               |                               |
| State of New Jersey:                        |               |                               |
| Department of Transportation                | \$ 234,314.10 |                               |
| Bond Anticipation Notes Issued              | 6,284,489.00  |                               |
| Premium on Sale of Bond Anticipation Notes  | 45,876.77     |                               |
| Capital Improvement Fund:                   |               |                               |
| Budget Appropriation                        | 200,000.00    |                               |
| Insurance Claim:                            |               |                               |
| Reserve to Pay Debt Service                 | 73,351.31     |                               |
| Deferred Charge to Future Taxation Unfunded | 7,467.74      |                               |
|   |               | <u>6,845,498.92</u>           |
|   |               | 9,252,414.95                  |
| Decreased by Disbursements:                 |               |                               |
| Improvement Authorizations                  | 642,606.18    |                               |
| Bond Anticipation Notes Matured             | 6,284,489.00  |                               |
|   |               | <u>6,927,095.18</u>           |
| Balance December 31, 2017                   | C             | <u><u>\$ 2,325,319.77</u></u> |

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

|  | Balance/<br>(Deficit)<br>Dec. 31, 2016               | Receipts                      |                         | Disbursements |                               |                               | Balance/<br>(Deficit)<br>Dec. 31, 2017 |
|--|--|-------------------------------|-------------------------|---------------|-------------------------------|-------------------------------|--|
|  |  | Bond<br>Anticipation<br>Notes | Budget<br>Appropriation | Miscellaneous | Bond<br>Anticipation<br>Notes | Improvement<br>Authorizations |  |
| Capital Fund Balance                         | \$ 44,010.34   |                               |                         |               |                               |                               |  |
| Capital Improvement Fund                     | 830,349.22   |                               |                         |               |                               |                               |  |
| Due (From)/to Current Fund                   |  |                               |                         | \$ 45,876.77  |                               |                               | \$ 24,753.15                           |
| Due from State of New Jersey:                |  |                               | \$ 200,000.00           |               |                               |                               | 201,010.97                             |
| Department of Transportation                 | (566,250.00)   |                               |                         |               |                               |                               |  |
| Reserve for State Grant Receivables          | 114,250.00   |                               |                         | 234,314.10    |                               | 165,000.00                    | (496,935.90)                           |
| Reserve for Regional Contribution Agreements | 25,500.00  |                               |                         |               |                               |                               | 114,250.00                             |
| Reserve to Pay Debt Service                  |  |                               |                         | 80,819.05     |                               | 7,467.74                      | 25,500.00                              |
|  |  |                               |                         |               |                               |                               | 92,713.91                              |
| Ord. No.                                     |  |                               |                         |               |                               |                               |  |
| 15-89  | Regional Contribution Agreement - City of Newark     |                               |                         |               |                               |                               |  |
| 12-03/5-04                                   | Improvements - Municipal Building                    | \$ 713,071.00                 |                         |               | \$ 713,071.00                 | \$ 51,856.04                  | 43,500.00                              |
| 2-11   | Improvements to Free Public Library                  | 1,511.00                      |                         |               |                               |                               | 129,747.41                             |
| 10-11  | Various Improvements                                 | 2,055.46                      |                         |               | 559,941.00                    | 598.29                        | 1,511.00                               |
| 3-12   | Improvements to Davenport Ave and Williamsburg Drive | 21,715.80                     |                         |               |                               |                               | 51,239.42                              |
| 9-12   | Stream Embankment Stability                          | 43,290.34                     |                         |               |                               | 21,715.80                     |  |
| 10-12  | Fire Pumper  | 1,512.44                      |                         |               |                               |                               | 43,290.34                              |
| 11-12  | School Path Bridge                                   | 33,234.39                     |                         |               | 386,190.00                    | 384.12                        |  |
| 15-12  | Narrow Band Communication System                     | 18,472.06                     |                         |               | 203,257.00                    | 237.78                        | 33,234.39                              |
| 16-12  | Digital In Car Video System                          | 858.16                        |                         |               |                               |                               |  |
| 17-12  | Refunding Tax Appeal Bond                            | 53,846.09                     |                         |               |                               |                               |  |
| 2-13   | Improvements to First Aid Squad Building             | 3,037.35                      |                         |               |                               |                               |  |
| 5-13   | Turn Out Gear  | 15,235.95                     |                         |               |                               | 3,037.35                      | 53,846.09                              |
| 7-13   | Live Scan Technology                                 | 152.81                        |                         |               |                               | 152.81                        | 15,235.95                              |
| 9-13   | 2013 Road Program                                    | 60,662.26                     |                         |               | 179,580.00                    | 218.83                        | 60,443.43                              |
| 6-14/8-15                                    | Improvements to Monroe Avenue                        | 259,026.97                    |                         |               | 30,000.00                     | 1,164.17                      | 257,862.80                             |
| 7-14   | Acquisition of Fernwood Avenue                       | 606,510.36                    |                         |               | 3,084,000.00                  | 2,542.37                      | 603,967.99                             |
| 8-14   | Acquisition of Rail Road Property                    | 9,351.44                      |                         |               | 452,450.00                    | 512.30                        | 8,839.14                               |
| 12-14  | Construction of Salt Shed                            | 4,522.80                      |                         |               | 453,500.00                    | 437.97                        | 4,084.83                               |
| 13-14  | Reconstruction of Borough Hall due to Fire           | 933.95                        |                         |               | 85,500.00                     | 218.69                        |  |
| 10-15  | Replacement of Roof Fire Dept.                       | 18,614.16                     |                         |               | 91,000.00                     | 12,502.19                     | 6,111.97                               |
| 11-15  | Acquisition of Pick Up Truck                         | 216.24                        |                         |               |                               |                               | 216.24                                 |
| 10-16  | Acquisition of Equipment                             | 36,006.64                     |                         |               |                               | 7,485.60                      | 28,521.04                              |
| 11-16  | Improvements to White Oak Road                       | 41,577.35                     |                         |               | 46,000.00                     | 30,631.19                     | 10,946.16                              |
| 12-16  | Public Works Vehicles                                | 4,798.49                      |                         |               |                               | 106,200.00                    | 598.49                                 |
| 15-16  | Recreational Facility                                | 3,256.65                      |                         |               |                               | 42.33                         | 3,214.32                               |
| 17-16  | Becker Farm Road                                     | 451,954.61                    |                         |               |                               | 380,586.69                    | 71,367.92                              |
| 5-17   | Improvements to Locust Avenue                        |                               |                         |               |                               | 11,909.27                     | 161,090.73                             |
| 6-17/8-17                                    | 2017 Road Projects                                   |                               |                         |               |                               | 33,688.45                     | 37,000.00                              |
| 8-17   | Fire Truck and Related Equipment                     |                               |                         |               |                               | 151.90                        | 3,311.55                               |
| 9-17   | OEM Vehicle  |                               |                         |               |                               | 75.95                         | 51,648.10                              |
| 13-17  | Overhead Doors                                       |                               |                         |               |                               | 712.05                        | 31,424.05                              |
| 16-17  | Police Equipment                                     |                               |                         |               |                               | 450.00                        | 27,287.95                              |
|  |  |                               |                         |               |                               |                               | 42,550.00                              |
|  |  | \$ 2,406,916.03               | \$ 200,000.00           | \$ 361,009.92 | \$ 6,284,489.00               | \$ 642,606.18                 | \$ 2,325,319.77                        |
|  |  |                               |                         |               |                               |                               |  |
|  |  | \$ 6,284,489.00               | \$ 200,000.00           | \$ 361,009.92 | \$ 6,284,489.00               | \$ 642,606.18                 | \$ 2,325,319.77                        |



BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord.<br>Number | Improvement Description                          | Bond Anticipation        |                        |   |   | Analysis of Balance December 31, 2017     |                          |                               |   |
|----------------|--|--------------------------|------------------------|---|---|---|--------------------------|-------------------------------|---|
|                |  | Balance<br>Dec. 31, 2016 | 2017<br>Authorizations | Note Paid by<br>Budget<br>Appropriation | Funded by<br>Reserve to<br>Pay Debt Service | Improvement<br>Authorization<br>Cancelled | Balance<br>Dec. 31, 2017 | Bond<br>Anticipation<br>Notes | Unexpended<br>Improvement<br>Authorizations |
| 12-03/5-04     | Improvement Municipal Building                   | \$ 2,022,632.00          |                        | \$ 49,561.00                            |   | \$ 1,000,000.00                           | \$ 973,071.00            | \$ 713,071.00                 | \$ 260,000.00                               |
| 4-11           | Improvements to Oak Drive and Evelyn Road        | 2,391.48                 |                        |   |   | 2,391.48                                  |                          |                               |   |
| 10-11/5-12     | Various Improvements                             | 1,733,997.00             |                        | 33,764.00                               |   | 1,140,292.00                              | 559,941.00               | 559,941.00                    |   |
| 3-12           | Improvements to Davenport Ave Williamsburg Drive | 118,684.00               |                        | 113,684.00                              |   | 5,000.00                                  |                          |                               |   |
| 10-12          | Fire Pumper Truck                                | 439,962.82               |                        | 52,811.00                               |   | 961.82                                    | 386,190.00               | 386,190.00                    |   |
| 15-12          | Narrow Band Communication System                 | 368,044.50               |                        | 11,956.00                               |   | 152,831.50                                | 203,257.00               | 203,257.00                    |   |
| 2-13           | Improvements to First Aid Squad                  | 91,724.00                |                        | 91,724.00                               |   |   |                          |                               |   |
| 9-13           | 2013 Road Program                                | 197,660.00               |                        |   |   |   | 197,660.00               | 179,580.00                    | 18,080.00                                   |
| 6-14/8-15      | Improvements to Monroe Avenue                    | 58,000.00                |                        |   |   |   | 58,000.00                | 30,000.00                     | 28,000.00                                   |
| 7-14           | Acquisition of Fernwood Property                 | 3,394,500.00             |                        | 310,500.00                              |   |   | 3,084,000.00             | 3,084,000.00                  |   |
| 8-14           | Acquisition of Rail Road Property                | 513,000.00               |                        |   |   |   | 513,000.00               | 452,450.00                    | 60,550.00                                   |
| 12-14          | Construction of Salt Shed                        | 507,848.33               |                        | 4,000.00                                |   |   | 503,848.33               | 453,500.00                    | 50,348.33                                   |
| 13-14          | Reconstruction of Borough Hall Due to Fire       | 102,459.17               |                        |   | \$ 7,467.74                                 |   | 94,991.43                | 85,500.00                     | 9,491.43                                    |
| 10-15          | Replacement of Fire Department Roof              | 114,000.00               |                        | 5,500.00                                |   |   | 108,500.00               | 91,000.00                     | 17,500.00                                   |
| 11-15          | Acquisition of Pick Up Truck                     | 38,000.00                |                        | 37,000.00                               |   |   | 1,000.00                 |                               | 1,000.00                                    |
| 10-16          | Acquisition of Equipment                         | 57,000.00                |                        |   |   |   | 57,000.00                |                               | 57,000.00                                   |
| 11-16          | Improvements to White Oak Road                   | 105,336.00               |                        |   |   |   | 105,336.00               | 46,000.00                     | 59,336.00                                   |

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord.<br>Number | Improvement Description          | Balance<br>Dec. 31, 2016 | 2017<br>Authorizations | Bond Anticipation<br>Note Paid by                            |                         | Funded by<br>Reserve to<br>Pay Debt Service | Improvement<br>Authorization<br>Cancelled | Balance<br>Dec. 31, 2017 | Analysis of Balance December 31, 2017 |   |
|----------------|----------------------------------|--------------------------|------------------------|--|-------------------------|---|---|--------------------------|---------------------------------------|---|
|                |                                  |                          |                        | Budget<br>Appropriation                                      | Budget<br>Appropriation |   |   |                          | Bond<br>Anticipation<br>Notes         | Unexpended<br>Improvement<br>Authorizations |
| 12-16          | Public Works Vehicles            | \$ 109,250.00            |                        |  |                         |   | \$ 102,000.00                             | \$ 7,250.00              |                                       | \$ 7,250.00                                 |
| 15-16          | Recreation Facility              | 62,700.00                |                        |  |                         |   |   | 62,700.00                |                                       | 62,700.00                                   |
| 17-16          | Becker Farm Road                 | 224,210.00               |                        |  |                         |   |   | 224,210.00               |                                       | 224,210.00                                  |
| 6-17           | Various Road Improvements        |                          | \$ 203,000.00          |  |                         |   |   | 203,000.00               |                                       | 203,000.00                                  |
| 8-17           | Fire Truck and Related Equipment |                          | 883,200.00             |  |                         |   |   | 883,200.00               |                                       | 883,200.00                                  |
|                |                                  | <u>\$ 10,261,399.30</u>  | <u>\$ 1,086,200.00</u> | <u>\$ 710,500.00</u>   | <u>\$ 710,500.00</u>    | <u>\$ 7,467.74</u>                          | <u>\$ 2,403,476.80</u>                    | <u>\$ 8,226,154.76</u>   | <u>\$ 6,284,489.00</u>                | <u>\$ 1,941,665.76</u>                      |
| Ref.           |                                  | C                        |                        |  |                         |   |   | C                        |                                       |   |
|                |                                  |                          |                        | Improvement Authorizations - Unfunded                        |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Less: Unexpended Proceeds of Bond Anticipation Notes Issued: |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 12-03, 5-04 (Improvements - Municipal Building)    |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 10-11/5-12 (Various Improvements)                  |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 5-13 (Turn Out Gear)                               |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 9-13 (2013 Road Improvement Program)               |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 6-14/8-15 (Improvements to Monroe Avenue)          |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 7-14 (Acquisition of Fernwood Property)            |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 8-14 (Acquisition of Rail Road Property)           |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 12-14 (Construction of Salt Shed)                  |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 10-15 (Replacement of Fire Department Roof)        |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 11-15 (Acquisition of Pick Up Truck)               |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 11-16 (Improvements to White Oak Road)             |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        | Ordinance 12-16 (Public Works Vehicles)                      |                         |   |   |                          |                                       |   |
|                |                                  |                          |                        |  |                         |   |   |                          |                                       | <u>\$ 1,941,665.76</u>                      |

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord.<br>No. | Improvement Description                              | Ordinance<br>Date | Ordinance<br>Amount | Balance<br>December 31, 2016       |                 | 2017 Authorizations             |  | Reclassification<br>of Expenditures | Paid or<br>Charged | Authorizations<br>Cancelled | Balance December 31, 2017 |                 |
|-------------|--|-------------------|---------------------|------------------------------------|-----------------|---------------------------------|--|-------------------------------------|--------------------|-----------------------------|---------------------------|-----------------|
|             |  |                   |                     | Funded                             | Unfunded        | Funded<br>by Various<br>Sources | Deferred Charges<br>to Future Taxation         |                                     |                    |                             | Funded                    | Unfunded        |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
| 15-89       | Regional Contribution Agreement - City of Newark     | 08/22/89          | \$ 1,138,500.00     | \$ 43,500.00                       |                 |                                 |  | \$ (41,599.25)                      | \$ 51,856.04       | \$ 1,000,000.00             | \$ 43,500.00              | \$ 389,747.41   |
| 12-03, 5-04 | Improvements - Municipal Building                    | 05/21/03          | 2,500,000.00        |                                    | \$ 1,483,202.70 |                                 |  |                                     |                    |                             | 1,511.00                  |                 |
| 2-11        | Improvements to Free Public Library                  | 02/15/11          | 100,000.00          | 1,511.00                           |                 |                                 |  |                                     |                    | 2,391.48                    |                           |                 |
| 4-11        | Improvements to Oak Drive and Evelyn Road            | 04/19/11          | 345,430.00          |                                    | 2,391.48        |                                 |  |                                     |                    |                             |                           |                 |
| 10-11/5-12  | Various Improvements                                 | 09/29/12          | 2,471,150.00        |                                    | 1,142,347.46    |                                 |  | 49,782.25                           | 598.29             | 1,140,292.00                |                           | 51,239.42       |
| 3-12        | Improvements to Davenport Ave and Williamsburg Drive | 06/20/12          | 335,000.00          |                                    | 26,715.80       |                                 |  |                                     |                    | 26,715.80                   |                           |                 |
| 9-12        | Stream Embankment Stability                          | 10/24/12          | 44,000.00           | 43,290.34                          |                 |                                 |  |                                     |                    |                             | 43,290.34                 |                 |
| 10-12       | Fire Pumper Truck                                    | 10/24/12          | 580,000.00          |                                    | 2,474.26        |                                 |  |                                     | 384.12             | 2,090.14                    |                           |                 |
| 11-12       | School Path Bridge                                   | 10/24/12          | 36,875.00           | 33,234.39                          |                 |                                 |  |                                     |                    |                             | 33,234.39                 |                 |
| 15-12       | Narrow Band Communication System                     | 12/11/12          | 400,000.00          |                                    |                 |                                 |  |                                     | 237.78             | 171,065.78                  |                           |                 |
| 16-12       | Digital In Car Video System                          | 12/11/12          | 40,000.00           | 858.16                             |                 |                                 |  |                                     |                    | 858.16                      |                           |                 |
| 17-12       | Refunding Tax Appeal Bond                            | 12/04/12          | 5,955,000.00        | 53,846.09                          |                 |                                 |  |                                     |                    |                             | 53,846.09                 |                 |
| 2-13        | Improvements to First Aid Squad Building             | 03/06/13          | 100,000.00          |                                    | 3,037.35        |                                 |  |                                     |                    | 3,037.35                    |                           | 15,235.95       |
| 5-13        | Turn Out Gear  | 07/24/13          | 95,000.00           |                                    | 15,235.95       |                                 |  |                                     |                    |                             |                           |                 |
| 7-13        | Live Scan Technology                                 | 07/24/13          | 33,000.00           | 152.81                             |                 |                                 |  |                                     |                    | 152.81                      |                           |                 |
| 9-13        | 2013 Road Program                                    | 09/18/13          | 366,410.00          |                                    | 78,742.26       |                                 |  |                                     | 218.83             |                             |                           | 78,523.43       |
| 6-14/8-15   | Improvements to Monroe Avenue                        | 07/22/14          | 300,000.00          | 229,026.97                         |                 |                                 |  |                                     | 1,164.17           |                             | 227,862.80                | 58,000.00       |
| 7-14        | Acquisition of Fernwood Avenue                       | 07/22/14          | 3,900,000.00        |                                    | 606,510.36      |                                 |  |                                     | 2,542.37           |                             |                           | 603,967.99      |
| 8-14        | Acquisition of Rail Road Property                    | 7/22/2014         | 540,000.00          |                                    | 69,901.44       |                                 |  |                                     | 512.30             |                             |                           | 69,389.14       |
| 12-14       | Construction of Salt Shed                            | 11/18/14          | 700,000.00          |                                    | 54,871.13       |                                 |  |                                     | 437.97             |                             |                           | 54,433.16       |
| 13-14       | Reconstruction of Borough Hall Due to Fire           | 11/18/14          | 480,000.00          |                                    | 17,893.12       |                                 |  | (8,183.00)                          | 218.69             |                             |                           | 9,491.43        |
| 10-15       | Replacement of Fire Department Roof                  | 08/18/15          | 120,000.00          |                                    | 36,114.16       |                                 |  |                                     | 12,502.19          |                             |                           | 23,611.97       |
| 11-15       | Acquisition of Pick Up Truck                         | 10/20/15          | 40,000.00           |                                    | 1,216.24        |                                 |  |                                     |                    |                             | 28,521.04                 | 1,216.24        |
| 10-16       | Acquisition of Equipment                             | 09/20/16          | 100,000.00          | 36,006.64                          |                 |                                 |  |                                     |                    |                             |                           | 57,000.00       |
| 11-16       | Improvements to White Oak Road                       | 09/06/16          | 110,880.00          |                                    | 100,913.35      |                                 |  |                                     | 30,631.19          |                             |                           | 70,282.16       |
| 12-16       | Public Works Vehicles                                | 10/18/16          | 115,000.00          | 4,798.49                           | 109,250.00      | \$ 102,000.00                   |  |                                     | 106,200.00         | 102,000.00                  |                           | 7,848.49        |
| 15-16       | Recreational Facility                                | 11/29/16          | 66,000.00           | 3,256.65                           | 62,700.00       |                                 |  |                                     | 42.33              |                             | 3,214.32                  | 62,700.00       |
| 17-16       | Becker Farm Road                                     | 11/29/16          | 676,210.00          | 451,954.61                         | 224,210.00      |                                 |  |                                     | 380,586.69         |                             | 71,367.92                 | 224,210.00      |
| 5-17        | Improvements to Locust Avenue                        | 07/18/17          | 173,000.00          |                                    |                 | 173,000.00                      |  |                                     |                    |                             |                           |                 |
| 6-17/18-17  | Various Road Improvements                            | 07/18/17          | 240,000.00          |                                    |                 | \$ 203,000.00                   |  |                                     | 11,909.27          |                             | 161,090.73                | 203,000.00      |
| 8-17        | Fire Truck and Related Equipment                     | 08/15/17          | 935,000.00          |                                    |                 | 51,800.00                       | 883,200.00                                     |                                     | 33,688.45          |                             | 3,311.55                  | 883,200.00      |
| 9-17        | OEM Vehicle  | 08/15/17          | 31,500.00           |                                    |                 | 31,500.00                       |  |                                     | 151.90             |                             | 51,648.10                 |                 |
| 13-17       | Overhead Doors                                       | 10/17/17          | 28,000.00           |                                    |                 | 28,000.00                       |  |                                     | 75.95              |                             | 31,424.05                 |                 |
| 16-17       | Police Equipment                                     | 12/11/17          | 43,000.00           |                                    |                 | 43,000.00                       |  |                                     | 712.05             |                             | 27,287.95                 |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     | 450.00             |                             | 42,550.00                 |                 |
|             |  |                   |                     | \$ 901,436.15                      | \$ 4,324,030.62 | \$ 466,300.00                   | \$ 1,086,200.00                                | \$ -0-                              | \$ 642,606.18      | \$ 2,448,603.52             | \$ 823,660.28             | \$ 2,863,096.79 |
|             |  |                   |                     | C                                  | C               |                                 |  |                                     |                    |                             | C                         | C               |
|             |  |                   |                     | Ref.                               |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     | Capital Improvement Fund           |                 | \$ 301,300.00                   | Capital Improvement Fund                       |                                     | \$ 1,010.97        |                             |                           |                 |
|             |  |                   |                     | Department of Transportation Grant |                 | 165,000.00                      | Reserve to Pay Debt Service                    |                                     | 19,362.60          |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 | Capital Fund Balance                           |                                     | 24,753.15          |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 | Deferred Charges to Future Taxation - Unfunded |                                     | 2,403,476.80       |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |
|             |  |                   |                     |                                    |                 |                                 |  |                                     |                    |                             |                           |                 |

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|  | <u>Ref.</u>       |                             |
|--|-------------------|-----------------------------|
| Balance December 31, 2016                          | C                 | \$ 830,349.22               |
| Increased by:                                      |                   |                             |
| Fully Funded Improvement Authorizations Cancelled  | \$ 1,010.97       |                             |
| Current Fund Budget Appropriation                  | <u>200,000.00</u> |                             |
|  |                   | <u>201,010.97</u>           |
|  |                   | 1,031,360.19                |
| Decreased by:                                      |                   |                             |
| Appropriated to Finance Improvement Authorizations |                   | <u>301,300.00</u>           |
| Balance December 31, 2017                          | C                 | <u><u>\$ 730,060.19</u></u> |

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord.<br>No. | Improvement Description         | Date of                      |                      |                      |  | Interest<br>Rate | Balance<br>Dec. 31, 2016 | Issued        | Matured       | Balance<br>Dec. 31, 2017 |
|-------------|---------------------------------|------------------------------|----------------------|----------------------|--|------------------|--------------------------|---------------|---------------|--------------------------|
|             |                                 | Issue of<br>Original<br>Note | Issue                | Maturity             |  |                  |                          |               |               |                          |
| 12-03, 5-04 | Improvement Municipal Building  | 07/31/13                     | 05/11/16<br>05/09/17 | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | \$ 762,632.00            | \$ 713,071.00 | \$ 762,632.00 | \$ 713,071.00            |
| 10-11, 5-12 | Various Improvements            | 7/31/13                      | 5/11/16<br>05/09/17  | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | 521,905.00               | 488,141.00    | 521,905.00    | 488,141.00               |
| 3-12        | Improvements to Davenport Road  | 07/31/13                     | 05/11/16             | 05/10/17             |  | 2.00%            | 113,684.00               |               | 113,684.00    |                          |
| 10-11, 5-12 | Various Improvements            | 12/15/15                     | 5/11/16<br>05/09/17  | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | 71,800.00                | 71,800.00     | 71,800.00     | 71,800.00                |
| 10-12       | Fire Pumper                     | 07/31/13                     | 05/11/16<br>05/11/16 | 05/10/17<br>05/10/17 |  | 2.00%<br>2.00%   | 412,701.00               | 386,190.00    | 412,701.00    | 386,190.00               |
| 10-12       | Fire Pumper                     | 12/15/16                     | 12/15/16             | 05/10/17             |  | 1.47%            | 2,000.00                 |               | 2,000.00      |                          |
| 10-12       | Fire Pumper                     | 12/15/15                     | 05/11/16             | 05/10/17             |  | 2.00%            | 24,300.00                |               | 24,300.00     |                          |
| 15-12       | Narrow Band Communication       | 7/31/13                      | 5/11/16<br>05/09/17  | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | 215,213.00               | 203,257.00    | 215,213.00    | 203,257.00               |
| 2-13        | Improvements to First Aid Squad | 07/31/13                     | 05/11/16             | 05/10/17             |  | 2.00%            | 91,724.00                |               | 91,724.00     |                          |
| 9-13        | Various Road Improvements       | 12/15/15                     | 05/11/16<br>05/09/17 | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | 179,580.00               | 179,580.00    | 179,580.00    | 179,580.00               |
| 6-14, 8-15  | Improvements to Monroe Avenue   | 12/15/16                     | 12/15/16<br>05/09/17 | 05/10/17<br>05/08/18 |  | 1.47%<br>2.00%   | 30,000.00                | 30,000.00     | 30,000.00     | 30,000.00                |

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord.<br>No. | Improvement Description           | Date of                      |                      |                      |  | Interest<br>Rate | Balance<br>Dec. 31, 2016 | Issued       | Matured      | Balance<br>Dec. 31, 2017 |
|-------------|-----------------------------------|------------------------------|----------------------|----------------------|--|------------------|--------------------------|--------------|--------------|--------------------------|
|             |                                   | Issue of<br>Original<br>Note | Issue                | Maturity             |  |                  |                          |              |              |                          |
| 8-14        | Acquisition of Rail Road Property | 12/15/15                     | 5/11/16<br>05/09/17  | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | \$ 38,000.00             | \$ 38,000.00 | \$ 38,000.00 | \$ 38,000.00             |
| 8-14        | Acquisition Ferwood Property      | 5/13/15                      | 05/11/16<br>05/09/17 | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | 3,394,500.00             | 3,084,000.00 | 3,394,500.00 | 3,084,000.00             |
| 8-14        | Acquisition of Rail Road Property | 12/15/16                     | 12/15/16<br>05/09/17 | 05/10/17<br>05/08/18 |  | 1.47%<br>2.00%   | 414,450.00               | 414,450.00   | 414,450.00   | 414,450.00               |
| 12-14       | Construction Salt Shed            | 12/15/15                     | 5/11/16<br>05/09/17  | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | 453,500.00               | 453,500.00   | 453,500.00   | 453,500.00               |
| 12-14       | Construction of Salt Shed         | 12/15/16                     | 12/15/16             | 05/10/17             |  | 1.47%            | 4,000.00                 | 4,000.00     | 4,000.00     |                          |
| 13-14       | Restoration of Boro Hall          | 12/15/15                     | 05/11/16<br>05/09/17 | 05/10/17<br>05/08/18 |  | 2.00%<br>2.00%   | 79,500.00                | 79,500.00    | 79,500.00    | 79,500.00                |
| 13-14       | Restoration of Boro Hall Fire     | 12/15/16                     | 12/15/16<br>05/09/17 | 05/10/17<br>05/08/18 |  | 1.47%<br>2.00%   | 6,000.00                 | 6,000.00     | 6,000.00     | 6,000.00                 |
| 10-15       | Replacement of Roof at Fire Dept. | 12/15/15                     | 05/11/16             | 05/10/17             |  | 2.00%            | 5,500.00                 | 5,500.00     | 5,500.00     |                          |
| 10-15       | Replacement Roof Fire Dept.       | 12/15/16                     | 12/15/16<br>05/09/17 | 05/10/17<br>05/08/18 |  | 1.47%<br>2.00%   | 91,000.00                | 91,000.00    | 91,000.00    | 91,000.00                |
| 11-15       | Acquisition Pick Up Truck         | 12/15/16                     | 12/15/16             | 05/10/17             |  | 1.47%            | 37,000.00                | 37,000.00    | 37,000.00    |                          |

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord.<br>No. | Improvement Description        | Date of                      |                      |                               | Interest<br>Rate | Balance<br>Dec. 31, 2016 | Issued                 | Matured                | Balance<br>Dec. 31, 2017 |
|-------------|--------------------------------|------------------------------|----------------------|-------------------------------|------------------|--------------------------|------------------------|------------------------|--------------------------|
|             |                                | Issue of<br>Original<br>Note | Issue                | Maturity                      |                  |                          |                        |                        |                          |
| 11-16       | Improvements to White Oak Road | 12/15/16                     | 12/15/16<br>05/09/17 | 05/10/17<br>05/08/18          | 1.47%<br>2.00%   | \$ 46,000.00             | \$ 46,000.00           | \$ 46,000.00           | \$ 46,000.00             |
|             |                                |                              |                      |                               |                  | <u>\$ 6,994,989.00</u>   | <u>\$ 6,284,489.00</u> | <u>\$ 6,994,989.00</u> | <u>\$ 6,284,489.00</u>   |
|             |                                |                              |                      |                               | <u>Ref.</u>      | <u>C</u>                 |                        |                        | <u>C</u>                 |
|             |                                |                              |                      | Renewed                       |                  |                          | \$ 6,284,489.00        | \$ 6,284,489.00        |                          |
|             |                                |                              |                      | Paid by Open Space Trust Fund |                  |                          | 310,500.00             |                        |                          |
|             |                                |                              |                      | Paid by Budget Appropriation  |                  |                          | 400,000.00             |                        |                          |
|             |                                |                              |                      |                               |                  |                          | <u>\$ 6,284,489.00</u> | <u>\$ 6,994,989.00</u> |                          |

BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose               | Date of<br>Issue | Original<br>Issue | Maturities of Bonds |                              |        | Interest<br>Rate | Balance<br>Dec. 31, 2016 | Matured              | Balance<br>Dec. 31, 2017 |
|-----------------------|------------------|-------------------|---------------------|------------------------------|--------|------------------|--------------------------|----------------------|--------------------------|
|                       |                  |                   | Date                | Outstanding<br>Dec. 31, 2017 | Amount |                  |                          |                      |                          |
| Refunding Tax Appeals | 08/15/15         | \$ 5,570,000.00   | 11/15/2018          | \$ 555,000.00                |        | 3.000%           | \$ 3,885,000.00          | \$ 555,000.00        | \$ 3,330,000.00          |
|                       |                  |                   | 11/15/2019          | 555,000.00                   |        | 3.000%           |                          |                      |                          |
|                       |                  |                   | 11/15/2020          | 555,000.00                   |        | 3.000%           |                          |                      |                          |
|                       |                  |                   | 11/15/2021          | 555,000.00                   |        | 3.000%           |                          |                      |                          |
|                       |                  |                   | 11/15/2022          | 555,000.00                   |        | 3.000%           |                          |                      |                          |
|                       |                  |                   | 11/15/2023          | 555,000.00                   |        | 3.000%           |                          |                      |                          |
|                       |                  |                   |                     |                              |        |                  | <u>\$ 3,885,000.00</u>   | <u>\$ 555,000.00</u> | <u>\$ 3,330,000.00</u>   |
|                       |                  |                   |                     |                              |        | <u>Ref.</u>      | C                        |                      | C                        |



BOROUGH OF ROSELAND  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Ord.<br>No. | Purpose  | Balance<br>Dec. 31, 2016 | 2017<br>Authorizations | Funded by<br>Insurance<br>Refund | Cancelled              | Balance<br>Dec. 31, 2017 |
|-------------|--|--------------------------|------------------------|----------------------------------|------------------------|--------------------------|
| 12-03/5-04  | Improvements to Municipal Building                           | \$ 1,260,000.00          |                        |                                  | \$ 1,000,000.00        | \$ 260,000.00            |
| 4-11        | Improvements to Oak Drive and Evelyn Road                    | 2,391.48                 |                        |                                  | 2,391.48               |                          |
| 10-11/5-12  | Various Improvements   | 1,140,292.00             |                        |                                  | 1,140,292.00           |                          |
| 3-12        | Improvements to Davenport Road and<br>Williamsburg Drive     | 5,000.00                 |                        |                                  | 5,000.00               |                          |
| 10-12       | Fire Pumper Truck  | 961.82                   |                        |                                  | 961.82                 |                          |
| 15-12       | Narrow Band Communication System                             | 152,831.50               |                        |                                  | 152,831.50             |                          |
| 9-13        | 2015 Road Improvement  | 18,080.00                |                        |                                  |                        | 18,080.00                |
| 6-14        | Improvements to Monroe Avenue                                | 28,000.00                |                        |                                  |                        | 28,000.00                |
| 8-14        | Acquisition of Rail Road Property                            | 60,550.00                |                        |                                  |                        | 60,550.00                |
| 12-14       | Construction of Salt Shed                                    | 50,348.33                |                        |                                  |                        | 50,348.33                |
| 13-14       | Restoration of Borough Hall Due to Fire Damage               | 16,959.17                |                        | \$ 7,467.74                      |                        | 9,491.43                 |
| 10-15       | Replacement of Fire Department Roof                          | 17,500.00                |                        |                                  |                        | 17,500.00                |
| 11-15       | Acquisition of Pick Up Truck                                 | 1,000.00                 |                        |                                  |                        | 1,000.00                 |
| 10-16       | Acquisition of Equipment                                     | 57,000.00                |                        |                                  |                        | 57,000.00                |
| 11-16       | Improvements to White Oak Road                               | 59,336.00                |                        |                                  |                        | 59,336.00                |
| 12-16       | Public Works Vehicles and Related Equipment                  | 109,250.00               |                        |                                  | 102,000.00             | 7,250.00                 |
| 15-16       | Improvements to Borough Parks and<br>Recreational Facilities | 62,700.00                |                        |                                  |                        | 62,700.00                |
| 17-16       | Becker Farm Road   | 224,210.00               |                        |                                  |                        | 224,210.00               |
| 06-17       | Various Road Repairs   |                          | \$ 203,000.00          |                                  |                        | 203,000.00               |
| 08-17       | Fire Truck and Related Equipment                             |                          | 883,200.00             |                                  |                        | 883,200.00               |
|             |  | <u>\$ 3,266,410.30</u>   | <u>\$ 1,086,200.00</u> | <u>\$ 7,467.74</u>               | <u>\$ 2,403,476.80</u> | <u>\$ 1,941,665.76</u>   |

BOROUGH OF ROSELAND  
COUNTY OF ESSEX  
2017  
WATER/SEWER UTILITY FUND

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

|   | <u>Ref.</u> | <u>Operating</u>    | <u>Capital</u>  |
|---|-------------|---------------------|-----------------|
| Balance December 31, 2016                     | D           | \$ 3,425,603.05     | \$ 316,834.69   |
| Increased by Receipts:                        |             |                     |                 |
| Water/Sewer Rents                             |             | \$ 3,118,559.78     |                 |
| Prepaid Water/Sewer Rents                     |             | 1,212.75            |                 |
| Due Water/Sewer Utility Operating Fund:       |             |                     |                 |
| Interest Earned                               |             |                     | \$ 3,015.27     |
| Water/Sewer Overpayments                      |             | 11,480.73           |                 |
| Miscellaneous Revenue Anticipated:            |             |                     |                 |
| Water/Sewer Utility Capital Interest Earned   |             | 3,015.27            |                 |
| Water/Sewer Utility Operating Interest Earned |             | 27,543.26           |                 |
| Other Miscellaneous Revenue                   |             | 37,278.88           |                 |
|   |             | <u>3,199,090.67</u> | <u>3,015.27</u> |
|   |             | 6,624,693.72        | 319,849.96      |
| Decreased by Disbursements:                   |             |                     |                 |
| 2017 Budget Appropriations                    |             | 1,511,414.80        |                 |
| 2016 Budget Appropriations Reserves           |             | 313,206.82          |                 |
| Water/Sewer Overpayments Refunded             |             | 592.75              |                 |
| Accounts Payable                              |             | 3,700.00            |                 |
| Due to Current Fund:                          |             |                     |                 |
| Fund Balance Anticipated as Revenue           |             | 1,285,000.00        |                 |
| Due to Water/Sewer Utility Operating Fund:    |             |                     |                 |
| Interest Earned                               |             |                     | 3,015.27        |
| Improvement Authorizations                    |             |                     | 6,456.26        |
|   |             | <u>3,113,914.37</u> | <u>9,471.53</u> |
|   |             | \$ 3,510,779.35     | \$ 310,378.43   |
| Balance December 31, 2017                     | D           |                     |                 |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
ANALYSIS OF WATER/SEWER CAPITAL CASH

|  | Balance<br>Dec. 31, 2016 | Receipts<br>Miscellaneous | Disbursements                 |               | Balance<br>Dec. 31, 2017 |
|--|--------------------------|---------------------------|-------------------------------|---------------|--------------------------|
|  |                          |                           | Improvement<br>Authorizations | Miscellaneous |                          |
| Fund Balance                           | \$ 150,184.11            |                           |                               |               | \$ 150,184.11            |
| Capital Improvement Fund               | 23,857.80                |                           |                               |               | 23,857.80                |
| Due Water/Sewer Utility Operating Fund |                          | \$ 3,015.27               |                               | \$ 3,015.27   |                          |
|  |                          |                           |                               |               |                          |
| Ord. No.                               | Improvement Description  |                           |                               |               |                          |
| 01-11                                  | 39,864.32                |                           |                               |               | 39,864.32                |
| 11-11                                  | 102,928.46               |                           | \$ 6,456.26                   |               | 96,472.20                |
|  |                          |                           |                               |               |                          |
|  | \$ 316,834.69            | \$ 3,015.27               | \$ 6,456.26                   | \$ 3,015.27   | \$ 310,378.43            |

Ref.

D

D

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

|                           | <u>Ref.</u> |                      |
|---------------------------|-------------|----------------------|
| Balance December 31, 2016 | D           | \$ 283,369.82        |
| Increased by:             |             |                      |
| Water/Sewer Rents Levied  |             | 3,412,375.85         |
|                           |             | <u>3,695,745.67</u>  |
| Decreased by Collections: |             |                      |
| Cash Receipts             | \$          | 3,118,559.78         |
| Overpayments Applied      |             | 18,433.83            |
| Prepays Applied           |             | 1,938.50             |
|                           |             | <u>3,138,932.11</u>  |
| Balance December 31, 2017 | D           | <u>\$ 556,813.56</u> |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF INVENTORY

|                                 | <u>Ref.</u> |                            |
|---------------------------------|-------------|----------------------------|
| Balance December 31, 2016       | D           | \$ 62,883.85               |
| Increased by:                   |             |                            |
| Adjustment to Listing Submitted |             |                            |
| by Water/Sewer Superintendent   |             | <u>2,849.00</u>            |
| Balance December 31, 2017       | D           | <u><u>\$ 65,732.85</u></u> |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

|                           | <u>Ref.</u> |                        |
|---------------------------|-------------|------------------------|
| Balance December 31, 2016 | D           | \$ 9,238,409.18        |
| Balance December 31, 2017 | D           | <u>\$ 9,238,409.18</u> |



BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| Improvement Description          | Ordinance |             | Balance                |                        |
|----------------------------------|-----------|-------------|------------------------|------------------------|
|                                  | Number    | Date        | Dec. 31, 2016          | Dec. 31, 2017          |
| Gas Alarm Detector Pump Stations | 1-11      | 2/15/2011   | \$ 40,000.00           | \$ 40,000.00           |
| Various Improvements             | 11-11     | 9/20/2011   | 1,129,400.00           | 1,129,400.00           |
|                                  |           |             | <u>\$ 1,169,400.00</u> | <u>\$ 1,169,400.00</u> |
|                                  |           | <u>Ref.</u> | D                      | D                      |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

|                                     | Balance<br>Dec. 31, 2016 | Balance After<br>Transfers | Paid or<br>Charged   | Balance<br>Lapsed    |
|-------------------------------------|--------------------------|----------------------------|----------------------|----------------------|
| Operating:                          |                          |                            |                      |                      |
| Salaries and Wages                  | \$ 67,507.16             | \$ 67,507.16               | \$ 10,333.07         | \$ 57,174.09         |
| Other Expenses                      | 753,907.16               | 753,907.16                 | 327,880.39           | 426,026.77           |
| Share of Joint User Fees            | 314,814.81               | 314,814.81                 |                      |                      |
| Statutory Expenditures:             |                          |                            |                      |                      |
| Contribution to:                    |                          |                            |                      |                      |
| Social Security System (O.A.S.I.)   | 7,857.61                 | 7,857.61                   | 752.29               | 7,105.32             |
| Unemployment Compensation Insurance | 287.97                   | 287.97                     | 10.02                | 277.95               |
|                                     | <u>\$ 1,144,374.71</u>   | <u>\$ 1,144,374.71</u>     | <u>\$ 338,975.77</u> | <u>\$ 805,398.94</u> |

Ref.

Analysis of Balance at December 31, 2016:

|              |   |                        |
|--------------|---|------------------------|
| Unencumbered | D | \$ 451,403.22          |
| Encumbered   | D | <u>692,971.49</u>      |
|              |   | <u>\$ 1,144,374.71</u> |

|                  |                      |
|------------------|----------------------|
| Cash Disbursed   | \$ 313,206.82        |
| Accounts Payable | <u>25,768.95</u>     |
|                  | <u>\$ 338,975.77</u> |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Improvement Description                 | No.   | Ordinance<br>Date | Amount       | Balance Dec. 31, 2016 |                        | Paid or<br>Charged | Balance Dec. 31, 2017 |                        |
|---|-------|-------------------|--------------|-----------------------|------------------------|--------------------|-----------------------|------------------------|
|   |       |                   |              | Funded                | Unfunded               |                    | Funded                | Unfunded               |
| Gas Alarm Detector System Pump Stations | 01-11 | 2/15/2011         | \$ 40,000.00 | \$ 39,864.32          |                        |                    | \$ 39,864.32          |                        |
| Various Improvements                    | 11-11 | 9/20/2011         | 1,129,400.00 | 102,928.46            | \$ 1,025,549.90        | \$ 6,456.26        | 96,472.20             | \$ 1,025,549.90        |
|   |       |                   |              | <u>\$ 142,792.78</u>  | <u>\$ 1,025,549.90</u> | <u>\$ 6,456.26</u> | <u>\$ 136,336.52</u>  | <u>\$ 1,025,549.90</u> |
|   |       | <u>Ref.</u>       |              | D                     | D                      |                    | D                     | D                      |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|                           | <u>Ref.</u> |    |                  |
|---------------------------|-------------|----|------------------|
| Balance December 31, 2016 | D           | \$ | 23,857.80        |
| Balance December 31, 2017 | D           | \$ | <u>23,857.80</u> |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| Improvement Description | Ordinance |             | Balance              | Balance              |
|-------------------------|-----------|-------------|----------------------|----------------------|
|                         | Number    | Date        | Dec. 31, 2016        | Dec. 31, 2017        |
| Gas Alarm System        | 01-11     | 2/15/2011   | \$ 40,000.00         | \$ 40,000.00         |
| Various Improvements    | 11-11     | 9/20/2011   | 103,850.00           | 103,850.00           |
|                         |           |             | <u>\$ 143,850.00</u> | <u>\$ 143,850.00</u> |
|                         |           | <u>Ref.</u> | D                    | D                    |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

|                           | <u>Ref.</u> |                        |
|---------------------------|-------------|------------------------|
| Balance December 31, 2016 | D           | \$ 9,238,409.28        |
| Balance December 31, 2017 | D           | <u>\$ 9,238,409.28</u> |

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE



BOROUGH OF ROSELAND  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Improvement<br>Description | Ordinance |           | Balance                | Balance                |
|----------------------------|-----------|-----------|------------------------|------------------------|
|                            | Number    | Date      | Dec. 31, 2016          | Dec. 31, 2017          |
| Various Improvements       | 11-11     | 9/20/2011 | <u>\$ 1,025,549.90</u> | <u>\$ 1,025,549.90</u> |

BOROUGH OF ROSELAND

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF ROSELAND  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2017

| Name of Federal Agency or<br>Department/ Cluster Title  | Name of Program   | C.F.D.A<br>Account<br>Number | State<br>Account<br>Number  | Grant Period |          | Grant<br>Award | Amount<br>Received | Amount of<br>Expenditures | Cumulative<br>Expenditures | Amount Paid to<br>Subrecipients |
|---|---|------------------------------|-----------------------------|--------------|----------|----------------|--------------------|---------------------------|----------------------------|---------------------------------|
|   |   |                              |                             | From         | To       |                |                    |                           |                            |                                 |
| U.S. Department of Transportation:<br>(Passed through New Jersey<br>Department of Transportation)   | State Aid Highways Project:<br>Highway Planning and<br>Construction - Monroe Ave  | 20.205                       | 078-6320-480-<br>AL5-609165 | 07/22/14     | 12/31/18 | \$232,000.00   | \$ 217,000.00      | \$ 1,164.17               | \$232,000.00               |                                 |
|   |   |                              |                             | 07/18/17     | 12/31/18 | 165,000.00     | 17,314.10          | 11,909.27                 | 11,909.27                  |                                 |
|   | Improvements to Locust Avenue   | 20.205                       | 078-6320-480-<br>AMF-609166 |              |          |                | 234,314.10         | 13,073.44                 | 243,909.27                 |                                 |
| Total U.S. Department of Transportation   |   |                              |                             |              |          |                |                    |                           |                            |                                 |
| US Department of Homeland Security-Federal<br>Emergency Management Agency<br>(Pass Through New Jersey<br>Department of Law and Public Safety) | Disaster Grants-Public Assistance:<br>Severe Winter Storm<br>Halloween Snow Storm | 97.036                       | N/A                         | 1/1/12       | 12/31/12 | \$ 96,772.78   | \$ 96,772.78       |                           | \$ 96,772.78               |                                 |
|   |   |                              |                             | 1/1/11       | 12/31/11 | 26,027.11      | 26,027.11          |                           | 26,027.11                  |                                 |
|   |   |                              |                             |              |          |                | 122,799.89         |                           | 122,799.89                 |                                 |
| Total US Department of Homeland Security  |   |                              |                             |              |          |                |                    |                           |                            |                                 |
| Total Federal Awards  |   |                              |                             |              |          |                |                    |                           |                            |                                 |
|   |   |                              |                             |              |          |                |                    | \$ 13,073.44              | \$366,709.16               | \$ -0-                          |

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF ROSELAND  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2017

| Name of State<br>Agency or Department                         | Name of Program  | State Grant<br>Award Number   | Grant Period                     |                                  | Grant<br>Award                     | Amount<br>Received | Amount of<br>Expenditures         | Cumulative<br>Expenditures        |
|---|--|-------------------------------|----------------------------------|----------------------------------|------------------------------------|--------------------|-----------------------------------|-----------------------------------|
|   |  |                               | From                             | To                               |                                    |                    |                                   |                                   |
|   | Clean Communities  | 765-042-4900-<br>001-6020     | 01/01/15<br>01/01/17             | 12/31/17<br>12/31/18             | \$11,284.72<br>10,959.20           | \$ 10,959.92       | \$ 5,478.00                       | \$ 5,478.00                       |
|   | Total Clean Communities Grant  |                               |                                  |                                  |                                    | 10,959.92          | 5,478.00                          | 5,478.00                          |
|   | Recycling Tonnage Grant  | 765-042-4900-<br>001-6020     | 01/01/15<br>01/01/16<br>01/01/17 | 12/31/17<br>12/31/17<br>12/31/18 | 18,424.04<br>7,351.62<br>15,895.67 | 15,895.67          | 10,524.03<br>7,351.62<br>3,837.58 | 18,424.04<br>7,351.62<br>3,837.58 |
|   | Total Recycling Tonnage Grant  |                               |                                  |                                  |                                    | 15,895.67          | 21,713.23                         | 29,613.24                         |
| Total Department of Environmental Protection                  |  |                               |                                  |                                  |                                    | 26,855.59          | 27,191.23                         | 35,091.24                         |
| Department of Law and Public Safety                           | Body Armor Grant   | 718-066-1020<br>001-YCJS-6120 | 01/01/13<br>01/01/16<br>01/01/17 | 12/31/17<br>12/31/17<br>12/31/18 | 2,608.78<br>2,424.77<br>2,588.97   | 2,588.97           | 15.88<br>2,424.77<br>2,588.97     | 2,608.78<br>2,424.77<br>2,588.97  |
|   | Drunk Driving Enforcement Fund   | 100-157-1160-<br>066-6010     | 01/01/16                         | 12/31/18                         | 3,637.60                           | 3,637.60           |                                   | 3,637.60                          |
| Total Department of Law and Public Safety                     |  |                               |                                  |                                  |                                    | 6,226.57           | 5,029.62                          | 8,651.34                          |
| Department of Treasury:<br>Passed through the County of Essex | Governor's Council on Alcoholism/Drug Abuse:<br>Municipal Alliance to Prevent<br>Alcoholism/Drug Abuse | 100-082-2000-<br>044-6010     | 01/01/16<br>01/01/17             | 12/31/17<br>12/31/18             | 5,900.00<br>6,000.00               | 860.16<br>3,862.13 | 4,558.21<br>3,575.00              | 4,558.21<br>3,575.00              |
| Total Department of Treasury                                  | Total Governor's Council on Alcoholism/Drug Abuse  |                               |                                  |                                  |                                    | 4,722.29           | 8,133.21                          |                                   |
| Department of Environmental Protection                        | State Forestry Grant   | 100-042-4870-<br>001-6010     | 01/01/15                         | 12/31/17                         | \$20,000.00                        | \$ 20,000.00       |                                   | \$ 20,000.00                      |
| Total Department of Environmental Protection                  |  |                               |                                  |                                  |                                    | 20,000.00          |                                   | 20,000.00                         |
| Total State Awards  |  |                               |                                  |                                  |                                    | \$ 37,804.45       | \$ 40,354.06                      | \$ 43,742.58                      |

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF ROSELAND  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2017

Note 1.      BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of Borough of Roseland under programs of the federal and state governments for the year ended December 31, 2017. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note 2.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3.      RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555

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 Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Roseland  
Roseland, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Roseland, in the Essex County (the "Borough") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 27, 2018. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Roseland  
Page 2

Our consideration of the 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 and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2017-01, which we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **The Borough's Response to the Findings**

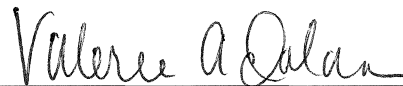
The Borough's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the Borough'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
March 27, 2018

NISIVOCIA, LLP



Valerie A. Dolan  
Certified Public Accountant  
Registered Municipal Accountant No. 548

BOROUGH OF ROSELAND  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements are reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2017 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and New Jersey's OMB Circular 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2017-01

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent their detection within a reasonable period of time. The various departments and offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of these collections. Also, the reconciliation of the bank accounts, and the preparation of the general ledger are all performed by the Chief Financial Officer.



BOROUGH OF ROSELAND  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2017-01 (Cont'd)

Segregation of Duties (Cont'd)

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

BOROUGH OF ROSELAND  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

The prior year audit finding regarding segregation of duties has not been resolved and is included in the current year as Finding 2016-01 due to budgetary constraints.

BOROUGH OF ROSELAND

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF ROSELAND  
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999 c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent.

The governing body of Borough of Roseland has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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. None were noted.

BOROUGH OF ROSELAND  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Collection of Interest on Delinquent Taxes, Water/Sewer Rents and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, water/sewer rents or assessments on or before the date when they would become delinquent.

On January 3, 2017, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and water/sewer charges:

BE IT RESOLVED by the Mayor and Council of Borough of Roseland, Essex County, New Jersey, that the rate of interest charges on delinquent taxes and water/sewer charges in this Borough shall be as follows:

On all delinquents to and including December 31, 2017, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2017 at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000 at year end; and that a grace period of 10 days will be allowed on taxes and water/sewer charges due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

BE IT RESOLVED, that the collector of the Borough be and hereby directed to collect interest on all taxes and water/sewer rents accordingly.

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

Delinquent Taxes and Tax Title Liens

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>Tax Title Liens</u> |
|-------------|------------------------|
| 2017        | 5                      |
| 2016        | 5                      |
| 2015        | 5                      |

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

| <u>Type</u>                       | <u>Number Mailed</u> |
|-----------------------------------|----------------------|
| Payment of 2017 and 2018 Taxes    | 20                   |
| Delinquent Taxes                  | 10                   |
| Payment of 2017 Water/Sewer Rents | 10                   |
| Delinquent Sewer Rents            | 10                   |

Verification notices were mailed to confirm balances and payments as of December 31, 2017. The items that were returned were checked and in agreement with the Borough's records. For receivable items not returned, alternative procedures were performed.

BOROUGH OF ROSELAND  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Properties Acquired for Taxes

It was noted during the course of our audit that the Borough does not currently have a listing of foreclosed properties acquired for taxes at assessed valuation as of the date of the foreclosure. It is recommended that the Borough create and maintain a listing of all properties acquired for taxes at the assessed valuation on the date of foreclosure.

Management's Response

The Borough will begin to maintain a listing of the properties acquired for taxes as the assessed valuation on the date of foreclosure.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed assets accounting and reporting system.
3. General ledger accounting system.

The Borough currently complies with these accounting requirements.

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2017.

| AGENCY                | BALANCE<br>12/31/2016 | CASH<br>RECEIVED     | CASH<br>DISBURSED    | BALANCE<br>12/31/2017 |
|-----------------------|-----------------------|----------------------|----------------------|-----------------------|
| State of New Jersey   | \$ 11,807.70          | \$ 180,694.94        | \$ 179,523.01        | \$ 12,979.63          |
| County of Essex       | 6,341.25              | 78,175.75            | 81,014.00            | 3,503.00              |
| Municipality          | 12,533.05             | 162,570.31           | 166,561.99           | 8,541.37              |
| Restitution           | 859.57                | 804.50               | 1,664.07             |                       |
| Public Defender       | 200.00                | 457.00               | 657.00               |                       |
| Parking Offense       |                       |                      |                      |                       |
| Adjudication Act      | 14.00                 | 246.00               | 232.00               | 28.00                 |
| Conditional Discharge |                       | 75.00                | 75.00                |                       |
| TOTAL                 | <u>\$ 31,755.57</u>   | <u>\$ 423,023.50</u> | <u>\$ 429,727.07</u> | <u>\$ 25,052.00</u>   |

BOROUGH OF ROSELAND  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions:

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the Borough will be GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the calendar year ending December 31, 2018. This standard replaces GASB No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the State of New Jersey.

Status of Prior Year Recommendations

The recommendation from the 2016 audit concerning segregation of duties has not been cleared and is included in the current year's report. The recommendation from the 2016 audit concerning the creation of a listing of foreclosed properties has been cleared and is not included in the current year's report.

BOROUGH OF ROSELAND  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties is maintained with respect to the recording and treasury functions.