



BOROUGH OF ROSELAND

ESSEX COUNTY, NEW JERSEY

REPORT ON

EXAMINATION OF ACCOUNTS

DECEMBER 31, 2019

BOROUGH OF ROSELAND
COUNTY OF ESSEX, NEW JERSEY

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4

PART I - FINANCIAL STATEMENTS

CURRENT FUND

EXHIBIT

A	Comparative Balance Sheets	6
A-1	Comparative Statement of Operations and Changes in Fund Balance	8
A-2	Statement of Revenues	9
A-2a	Statement of Revenues - Analysis of Realized Revenue - Taxes	10
A-2b	Statement of Revenues - Analysis of Realized Revenue - Other	11
A-2c	Statement of Revenues - Analysis of Nonbudget Revenue	12
A-3	Statement of Expenditures.....	13

TRUST FUND

B	Comparative Balance Sheets	17
---	----------------------------------	----

GENERAL CAPITAL FUND

C	Comparative Balance Sheets	18
C-1	Statement of Fund Balance	19

WATER/SEWER UTILITY

D	Comparative Balance Sheets	20
D-1	Comparative Statement of Operations and Changes in Fund Balance	21
D-2	Statement of Water Capital Fund Balance	22
D-3	Statement of Revenue - Operating Fund	23
D-4	Statement of Expenditures.....	24

PART I - FINANCIAL STATEMENTS
(Continued)

GENERAL FIXED ASSET ACCOUNT GROUP

<u>EXHIBIT</u>		<u>PAGE</u>
E	Comparative Balance Sheets	25
	<u>NOTES TO FINANCIAL STATEMENTS</u>	26-54

PART II - SUPPLEMENTARY INFORMATION

CURRENT FUND

A-4	Schedule of Cash	55
A-5	Schedule of Investments	56
A-6	Petty Cash	56
A-7	Due from (to) State of New Jersey Per Chapter 129, P.L. 1976	57
A-8	Taxes Receivable and Analysis of Property Tax Levy	58
A-9	Tax Title Liens	59
A-10	Other Accounts Receivable	59
A-11	Revenue Accounts Receivable	60
A-12	Interfunds Receivable (Payable)	61
A-13	Interfunds Receivable Federal/State Grant Fund	62
A-14	Federal and State Grants Receivable	63
A-15	2018 Appropriation Reserves	64
A-16	Deferred Charges Special Emergency Appropriation	66
A-17	Due to State of New Jersey	67
A-18	Accounts Payable	67
A-19	Tax Overpayments	68
A-20	County Taxes Payable	68
A-21	School Taxes Payable	69
A-22	Prepaid Taxes	70
A-23	Reserve for Tax Appeals	70
A-24	Due to Essex County	71
A-25	Reserve for Grant Appropriated	72
A-26	Reserve for Unappropriated Reserves	73

PART II - SUPPLEMENTARY INFORMATION
(Continued)

TRUST FUND

<u>EXHIBIT</u>		<u>PAGE</u>
B-1	Cash Receipts and Disbursements.....	74
B-2	Cash Receipts and Disbursements Developers Escrow Account	75
B-3	Cash Receipts and Disbursements Money Market Accounts.....	76
B-4	Open Space Fund	76
B-5	Interfund Accounts	77
B-6	Due to State of New Jersey	78
B-7	State Unemployment Compensation Insurance Fund	78
B-8	Due from Essex County Community Development Block Grant	79
B-9	Reserve for Animal Control Expenditures.....	79
B-10	Reserve for Recreation Expenditures	80
B-11	Reserve for Open Space Program.....	80
B-12	Developer's Escrow	81
B-13	Special Deposits	82
B-14	Reserve for Affordable Housing Expenditures.....	83
B-15	Reserve for Community Development Block Grant Expenditures	83
B-16	Reserve for COAH Intervenor Expenditures.....	84

GENERAL CAPITAL FUND

C-2	Cash Receipts and Disbursements – Checking Account	85
C-3	Analysis of Capital Cash	86
C-4	General Serial Bonds	87
C-5	Due to Current Fund	88
C-6	Due from Essex County Improvement Authority.....	89
C-7	Due from State of New Jersey Transportation Trust Fund	90
C-8	Capital Improvement Fund.....	91
C-9	Deferred Charges to Future Taxation - Funded.....	92
C-10	Reserve for State Grant Receivable	93
C-11	Reserve to Pay Debt.....	93
C-12	Reserve for ECIA-Fire Equipment Lease Program.....	94
C-13	Deferred Charges to Future Taxation – Unfunded	95
C-14	Improvement Authorizations	96
C-15	Bond Anticipation Notes.....	97
C-16	Bonds and Notes Authorized but Not Issued.....	99

WATER/SEWER UTILITY

D-5	Statement of Water Utility Cash.....	100
D-6	Cash Receipts and Disbursements.....	101
D-7	Analysis of Water/Sewer Capital Cash	102
D-8	Water/Sewer Rents Receivable	103
D-9	Inventory.....	104
D-10	Fixed Capital	104
D-11	Fixed Capital Authorized and Uncompleted	105
D-12	2018 Appropriation Reserves	106
D-13	Accounts Payable	107
D-14	Due to Water Sewer Capital	107
D-15	Prepayment of Water/Sewer Rents	108
D-16	Water/Sewer Overpayments.....	108

PART II - SUPPLEMENTARY INFORMATION
(Continued)

WATER/SEWER UTILITY

<u>EXHIBIT</u>		<u>PAGE</u>
D-17	Reserve for Amortization	109
D-18	Deferred Reserve for Amortization	109
D-19	Capital Improvement Fund.....	110
D-20	Accrued Interest on Notes	110
D-21	Improvement Authorizations	111
D-22	Bond Anticipation Notes.....	112
D-23	Bond and Notes Authorized but Not Issued.....	113

PART III – ROSTER OF OFFICIALS AND LETTERS OF COMMENTS AND RECOMMENDATIONS

<u>EXHIBIT</u>		
	Roster of Officials	114
	General Comments	115
	Recommendations	118

**BOROUGH OF ROSELAND
ESSEX COUNTY, NEW JERSEY**

**PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds and the governmental fixed assets of the Borough of Roseland, Essex County, New Jersey (the "Borough") which comprise the balance sheets as of and for the year ended December 31, 2019, and the related statements of revenues, expenditures and changes in fund balances for the year ended, the statements of changes in fund balances, statements of revenues, statements of expenditures for the year ended December 31, 2019 and related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the 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 the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and audit requirements as prescribed by the Division. Those standards and requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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 2, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division to demonstrate compliance with Division's regulatory basis of accounting, 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 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 positions of the Borough as of December 31, 2019, the results of its operations and changes in financial position, and where applicable, the cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the respective financial position of the various funds and the governmental fixed assets of the Borough of Roseland, Essex County, New Jersey, as of December 31, 2019, and the respective results of its operations and changes in fund balance for the year then ended and statements of changes in fund balances, the statement of revenues and statements of expenditures of the various funds for the year ended December 31, 2019 and the related notes to the financial statements in accordance with the financial reporting provisions of the Division, as described in Note 2 to the financial statements.

Emphasis of Matter

Subsequent Event

As discussed in Note 18 to the financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of the Coronavirus disease 2019 ("COVID-19"). Our opinion is not modified with respect to that matter.

Prior Period Financial Statements

The regulatory-basis financial statements of the Borough of Roseland as of December 31, 2018 were audited by other auditors whose report dated April 15, 2019 expressed an unmodified opinion on those statements in accordance with the financial reporting provisions of the Division. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements which it has been derived.

Report on Supplementary Information as Required by the Division in Accordance with Regulatory-Basis

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Borough's basic financial statements. The information included in Part II – Supplementary Information in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the 2019 regulatory-basis financial statements of the Borough. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 September 23, 2020 on our consideration of the Borough'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

September 23, 2020
Cranford, New Jersey

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

**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
County of Essex
Roseland, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory basis financial statements of the various funds and account group of the Borough of Roseland, Essex County, New Jersey (the "Borough"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated September 23, 2020, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis 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 regulatory basis 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

September 23, 2020
Cranford, New Jersey

David J. Gannon

David J. Gannon, CPA
Licensed Registered Municipal Accountant, No. 520

BOROUGH OF ROSELAND
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

A
Sheet # 1

<u>ASSETS</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Regular Fund</u>			
Cash:			
Checking Account	A-4	\$ 6,423,396.68	\$ 6,218,658.34
Investments	A-5	1,813,181.62	1,796,072.54
Change Fund	Unch.	200.00	200.00
Due from State of New Jersey			
Ch. 129, P.L. 1976	A-7	1,000.00	1,250.00
		<u>8,237,778.30</u>	<u>8,016,180.88</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-8	249,905.68	308,996.45
Tax Title Liens	A-9	150,410.85	123,444.98
Property Acquired for Taxes at Assessed Value	Unch.	1,800.00	1,800.00
Other Accounts Receivable	A-10	12,408.87	14,660.53
Revenue Accounts Receivable	A-11	8,140.64	5,128.71
Interfunds Receivable	A-12	158.89	3,051.03
		<u>422,824.93</u>	<u>457,081.70</u>
Deferred Charges			
Emergency Appropriation	A-16	124,970.00	
		<u>8,785,573.23</u>	<u>8,473,262.58</u>
<u>Federal and State Grant Fund</u>			
Interfunds Receivable	A-13	97,711.72	103,335.42
Federal and State Grants Receivable	A-14	25,166.07	4,700.00
		<u>122,877.79</u>	<u>108,035.42</u>
		<u>\$ 8,908,451.02</u>	<u>\$ 8,581,298.00</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

A
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Regular Fund</u>			
Appropriation Reserves:			
Encumbered	A-3; A-15	\$ 809,475.84	\$ 943,707.20
Reserved	A-3; A-15	641,954.39	488,937.36
Interfunds Payable	A-12	97,711.72	103,335.42
Due to State of New Jersey:			
Construction Training Fees	A-17	6,614.00	5,358.00
Marriage Licenses	A-17	350.00	350.00
Accounts Payable	A-18	162,837.50	161,737.50
Tax Overpayments	A-19	280,515.26	
County Taxes Payable	A-20	-	13,562.29
Prepaid Taxes	A-22	127,432.89	129,992.26
Reserve for Tax Appeals	A-23	1,688,513.95	1,566,925.07
		<u>3,815,405.55</u>	<u>3,413,905.10</u>
Reserve for Receivables and Other Assets		422,824.93	457,081.70
Fund Balance	A-1	4,547,342.75	4,602,275.78
		<u>8,785,573.23</u>	<u>8,473,262.58</u>
<u>Federal and State Grant Fund</u>			
Due to State of New Jersey	A-17	-	40,953.96
Due to Essex County	A-24	2,467.42	2,467.42
Reserve for Grants Appropriated	A-25	108,705.18	64,614.04
Reserve for Unappropriated Reserves	A-26	11,705.19	
		<u>122,877.79</u>	<u>108,035.42</u>
		<u>\$ 8,908,451.02</u>	<u>\$ 8,581,298.00</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2019 AND 2018

A-1

<u>Revenue and Other Income</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Fund Balance Utilized	A-2	\$ 1,519,000.00	\$ 1,192,000.00
Miscellaneous Revenue Anticipated	A-2	2,834,322.90	3,278,510.68
Receipts from Delinquent Taxes	A-2a	307,728.28	237,847.50
Receipts from Current Taxes	A-2a	37,770,487.22	37,381,416.61
Nonbudget Revenue	A-2c	67,362.04	98,313.19
Other Credits to Income:			
Interfunds Returned	A-12	2,892.14	1,424.66
Unexpended Balance Appropriation			
Reserves	A-15	723,106.41	736,313.76
Accounts Payable Canceled	A-18	3,900.00	13,270.20
Overpayments			0.04
		<u>43,228,798.99</u>	<u>42,939,096.64</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations	A-3	11,619,323.20	11,539,934.93
Capital Improvements	A-3	200,000.00	200,000.00
Debt Service	A-3	1,253,485.24	1,232,473.63
Statutory Expenditures	A-3	<u>1,325,587.00</u>	<u>1,231,572.65</u>
		14,398,395.44	14,203,981.21
Municipal Open Space Tax	A-12	334,632.26	334,285.28
County Taxes	A-20	8,777,935.23	8,597,770.69
Local School District Tax	A-21	8,881,520.00	8,635,805.00
Regional High School Tax	A-21	9,494,227.00	9,618,091.00
Other Charges to Income:			
Prior Revenue Refund	A-4	2,651.75	20.00
Prior Year Condominium Reimbursements			28,187.45
Prior Year Senior Citizen Deduction Disallowed	A-7	340.34	1,000.00
Interfund Advanced			102.63
		<u>41,889,702.02</u>	<u>41,419,243.26</u>
Excess in Revenue		1,339,096.97	1,519,853.38
Adjustment to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to the Budget of the Succeeding			
Year		<u>124,970.00</u>	<u>-</u>
Statutory Excess in Revenue		1,464,066.97	1,519,853.38
<u>Fund Balance</u>			
Balance, Beginning of Year	A	<u>4,602,275.78</u>	<u>4,274,422.40</u>
		6,066,342.75	5,794,275.78
Decreased by:			
Utilized As Anticipated Revenue	A-1	<u>1,519,000.00</u>	<u>1,192,000.00</u>
Balance, End of Year	A	<u>\$ 4,547,342.75</u>	<u>\$ 4,602,275.78</u>

BOROUGH OF ROSELAND
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

A-2

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess/(Deficit)</u>
Fund Balance Anticipated	A-1	<u>\$ 1,519,000.00</u>	<u>\$ 1,519,000.00</u>	
<u>Miscellaneous Revenues</u>				
Licenses:				
Alcoholic Beverages	A-11	3,690.00	5,188.00	\$ 1,498.00
Other	A-2b	16,025.00	21,044.00	5,019.00
Fees and Permits:				
Other	A-2b	87,976.00	106,871.68	18,895.68
Fines and Costs:				
Municipal Court	A-11	103,000.00	85,783.21	(17,216.79)
Interest and Costs on Taxes	A-2b	49,262.00	88,374.50	39,112.50
Interest on Investments and Deposits	A-11	56,166.00	178,859.49	122,693.49
Cablevision Franchise Fees (N.J.S.A. 48:5A-30)	A-11	108,000.00	118,093.77	10,093.77
Cell Tower Lease	A-11	70,000.00	79,058.69	9,058.69
Lease Agreement - Arc of Essex	A-11	80,000.00	129,562.52	49,562.52
Energy Receipts Tax	A-11	837,731.00	837,731.00	
Uniform Construction Code Fees	A-11	234,443.00	243,884.00	9,441.00
Recycling Tonnage Grant -	A-14	7,125.98	7,125.98	
Body Armor Replacement Fund	A-14	2,865.97	2,865.97	
Municipal Alliance on Alcoholism and Drug Abuse	A-14	4,700.00	4,700.00	
National Crime Statistics Exchange Grant	A-14	20,000.00	20,000.00	
Utility Operating Surplus	A-11	785,000.00	785,000.00	
Roseland Urban Renewal LLC Pilot	A-27	61,000.00		(61,000.00)
Reserve to Pay Debt	A-11	<u>120,180.09</u>	<u>120,180.09</u>	
Total Miscellaneous Revenue	A-1	<u>2,647,165.04</u>	<u>2,834,322.90</u>	<u>187,157.86</u>
Receipts from Delinquent Taxes	A-1,2a	<u>218,000.00</u>	<u>307,728.28</u>	<u>89,728.28</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2a	<u>10,558,619.90</u>	<u>10,942,471.47</u>	<u>383,851.57</u>
Budget Totals		14,942,784.94	15,603,522.65	660,737.71
Nonbudget Revenue	A-2c		<u>67,362.04</u>	<u>67,362.04</u>
Total Revenue	A-3	<u>\$ 14,942,784.94</u>	<u>\$ 15,670,884.69</u>	<u>\$ 728,099.75</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
CURRENT FUND

STATEMENT OF REVENUES
ANALYSIS OF REALIZED REVENUE - TAXES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

A-2a

	<u>Ref.</u>		
<u>Receipts from Delinquent Taxes</u>			
2019 Collections	A-8	\$ 307,728.28	
Delinquent Tax Collections	A-1,2,8		<u>\$ 307,728.28</u>
<u>Current Tax Collections</u>			
2019 Collections	A-8	\$ 37,602,244.96	
2018 Collections	A-8	129,992.26	
Due from State of New Jersey (Ch. 129, P.L. 1976)	A-8	38,250.00	
	A-1		\$ 37,770,487.22
Allocated to:			
Municipal Open Space Tax	A-8	334,632.26	
County Taxes	A-20	8,777,935.23	
Local School District Tax	A-21	8,881,520.00	
Regional High School Tax	A-21	9,494,227.00	
			<u>27,488,314.49</u>
Balance for Support of Municipal Budget Appropriations			10,282,172.73
Plus: Appropriations "Reserve for Uncollected Taxes	A-3		<u>660,298.74</u>
Amount for Support of Municipal Budget Appropriation	A-2		<u>\$ 10,942,471.47</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
CURRENT FUND

STATEMENT OF REVENUES
ANALYSIS OF REALIZED REVENUE - OTHER
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

A-2b

Analysis of Licenses and Permits

	<u>Ref.</u>		
<u>Other Licenses</u>			
Borough Clerk	A-11	\$ 6,300.00	
Board Of Health	A-11	14,744.00	
	A-2		<u>\$ 21,044.00</u>
<u>Other Fees and Permits</u>			
Registrar of Vital Statistics	A-11	\$ 8,730.00	
Zoning Fees & Permits	A-11	32,513.10	
Tax Assessor Fees	A-11	270.00	
Administration Fees	A-11	14,202.76	
Recreation	A-11	1,200.00	
Department of Public Works	A-11	347.00	
Borough Clerk	A-11	4,946.82	
Fire Prevention Bureau	A-11	372.00	
Non UCC Fees	A-11	43,850.00	
Collector-Treasurer	A-11	440.00	
	A-2		<u>\$ 106,871.68</u>
<u>Interests and Costs on Taxes</u>			
Interest on Delinquent Taxes	A-4	\$ 88,374.50	
	A-2		<u>\$ 88,374.50</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
CURRENT FUND

STATEMENT OF REVENUES
ANALYSIS OF NONBUDGET REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

A-2c

Ref.

Miscellaneous Revenue Not Anticipated

Collections:

Prior Year Refunds	\$ 6,725.90
Prior Year FEMA Reimbursement	3,750.00
State Fire Bureau Reimbursements	12,016.56
Motor Vehicle Inspections	12,529.00
Sale of Borough Assets	13,242.40
Police Revenue	2,041.00
Collector/Treasurer	1,443.24
Clerk's Office	29.00
Public Works Office	1,499.12
Insurance Reimbursement	14,085.82

A-1,2

\$ 67,362.04

Ref.

Cash Receipts

A-4

\$ 67,362.04

\$ 67,362.04

BOROUGH OF ROSELAND
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

A-3
Sheet 1

APPROPRIATIONS WITHIN "CAPS"	Appropriations		Expended		Cancel
	Budget	Modified Budget	Paid or Charged	Reserved	
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 183,405.00	\$ 183,405.00	\$ 168,161.91	\$ 15,243.09	
Other Expenses	44,352.00	45,352.00	39,719.65	5,632.35	
Mayor and Council:					
Salaries and Wages	22,779.00	22,779.00	22,779.00		
Office of Borough Clerk:					
Salaries and Wages	97,289.00	97,289.00	88,357.14	8,931.86	
Other Expenses	39,864.00	31,784.00	20,784.16	10,999.84	
Financial Administration:					
Salaries and Wages	23,534.00	23,534.00	22,414.11	1,119.89	
Fixed Asset Accounting System - Other Expenses	6,953.00	6,953.00	4,816.75	2,136.25	
Audit Services:					
Other Expenses	28,290.00	28,290.00		28,290.00	
Computer Data Process:					
Other Expenses	62,245.00	64,985.13	60,819.14	4,165.99	
Collection of Taxes:					
Salaries and Wages	47,129.00	47,129.00	45,385.94	1,743.06	
Other Expenses	6,511.00	6,511.00	4,881.92	1,629.08	
Assessment of Taxes:					
Salaries and Wages	34,840.00	34,840.00	34,839.15	0.85	
Other Expenses	43,750.00	164,620.00	18,192.05	146,427.95	
Legal Services and Costs:					
Other Expenses	372,257.00	372,257.00	272,758.74	99,498.26	
Engineering Services and Costs:					
Other Expenses	66,000.00	51,000.00	36,104.95	14,895.05	
Historic Preservation Commission:					
Other Expenses	1,200.00				
<u>LAND USE ADMINISTRATION</u>					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	26,609.00	26,609.00	26,022.73	586.27	
Other Expenses	42,700.00	42,700.00	12,857.79	29,842.21	
Board of Adjustment:					
Salaries and Wages	26,609.00	26,609.00	26,022.52	586.48	
Other Expenses	15,007.00	12,007.00	6,071.78	5,935.22	
Affordable Housing:					
Salaries and Wages	6,000.00	6,000.00	1,846.16	4,153.84	
Other Expenses	8,900.00	7,075.00	3,571.35	3,503.65	
<u>INSURANCE</u>					
Insurance (N.J.S.A. 40A:4-45.3)					
General Liability	265,187.00	265,187.00	265,187.00		
Worker's Compensation Insurance	285,145.00	285,145.00	285,145.00		
Employee Group Health	1,674,047.00	1,674,047.00	1,572,722.78	101,324.22	
Health Waiver	24,000.00	24,000.00	11,166.89	12,833.11	
Unemployment Compensation Insurance	2,600.00	2,600.00	1,759.45	840.55	

BOROUGH OF ROSELAND
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

A-3
Sheet 2

APPROPRIATIONS WITHIN "CAPS"	Appropriations		Expended		Cancel
	Budget	Modified Budget	Paid or Charged	Reserved	
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	\$ 3,297,833.00	\$ 3,297,833.00	\$ 3,252,884.47	\$ 44,948.53	
Other Expenses	183,941.00	183,941.00	77,235.92	106,705.08	
Police Dispatch/911:					
Other Expenses	5,800.00	5,800.00	3,931.52	1,868.48	
Emergency Management Services:					
Salaries and Wages	6,605.00	6,605.00	6,541.79	63.21	
Other Expenses	9,950.00	9,950.00	245.79	9,704.21	
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 Dept:					
Other Expenses	69,650.00	69,650.00	29,766.08	39,883.92	
Fire Prevention:					
Salaries and Wages	24,113.25	24,113.25	20,534.08	3,579.17	
Other Expenses	4,100.00	4,100.00	1,885.12	2,214.88	
Municipal Prosecutor:					
Salaries and Wages	20,492.00	20,492.00	20,391.83	100.17	
Other Expenses	2,000.00	2,000.00	1,440.54	559.46	
<u>PUBLIC WORKS FUNCTIONS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	263,094.00	255,594.00	238,491.17	17,102.83	
Other Expenses	63,900.00	68,840.00	46,323.35	22,516.65	
Shade Tree Commission:					
Salaries and Wages	2,865.00				
Other Expenses	4,750.00	3,713.00	182.61	3,530.39	
Solid Waste Collection:					
Other Expenses	606,300.00	606,300.00	451,432.11	154,867.89	
Public Building and Grounds:					
Salaries and Wages	453,184.00	439,614.00	409,440.64	30,173.36	
Other Expenses	213,070.00	254,308.00	148,443.73	105,864.27	
Vehicle Maintenance:					
Salaries and Wages	64,928.00	64,928.00	58,669.44	6,258.56	
Other Expenses	63,650.00	63,650.00	29,323.46	34,326.54	
Condominium Service Act:					
Other Expenses	44,000.00	44,000.00		44,000.00	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Other Expenses	3,085.00	3,085.00	2,055.30	1,029.70	
Dog Regulation:					
Other Expenses	3,000.00				
Environmental Commission:					
Other Expenses	1,000.00	1,000.00	350.00	650.00	
Contributions to Social Services:					
Other Expenses	2,050.00				
Municipal Youth Guidance:					
Other Expenses	1,500.00	1,500.00	718.26	781.74	

BOROUGH OF ROSELAND
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

A-3
Sheet 3

	Appropriations		Expended		
	Budget	Modified Budget	Paid or Charged	Reserved	Cancel
APPROPRIATIONS WITHIN "CAPS"					
RECREATION AND EDUCATION					
Public Recreation Program:					
Salaries and Wages	\$ 167,861.00	\$ 167,861.00	\$ 165,832.11	\$ 2,028.89	
Other Expenses	26,610.00	34,246.17	28,690.81	5,555.36	
Camp Wyanokie					
Other Miscellaneous Expenses	1,903.00	1,983.00	1,983.00		
Maintenance of Parks:					
Other Expenses	27,600.00	26,707.92	26,107.92	600.00	
OTHER COMMON OPERATING FUNCTIONS					
Prior Years Bills:	22,226.00	22,226.00	20,250.92	1,975.08	
Celebration of Public Events					
Other Expenses	10,600.00	10,600.00	2,068.26	8,531.74	
Beautification Committee:					
Other Expenses	8,030.00	8,030.00	6,152.77	1,877.23	
City Notification/Cable TV:					
Other Expenses	61,835.00	63,252.00	53,007.00	10,245.00	
Senior Citizens' Advisory Committee:					
Other Expenses	1,470.00	1,470.00	375.71	1,094.29	
Tax Appeals					
Other Expenses	500,000.00	500,000.00	500,000.00		
MUNICIPAL COURT					
Municipal Court:					
Salaries and Wages	158,300.00	158,300.00	150,224.04	8,075.96	
Other Expenses	11,000.00	11,000.00	6,321.57	4,678.43	
Public Defender:					
Salaries and Wages	4,584.00	4,584.00	4,175.65	408.35	
Other Expenses	500.00	500.00		500.00	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS					
OFFSET BY DEDICATED REVENUES N.J.A.C. (5:23-4.17)					
Construction Code Officials:					
Salaries and Wages	31,391.00	31,391.00	31,118.52	272.48	
Other Expenses	27,696.00	27,696.00	15,310.05	12,385.95	
UNCLASSIFIED					
Utilities:					
Electricity	144,000.00	141,451.87	100,270.01	41,181.86	
Street Lighting	160,000.00	153,955.91	97,934.02	56,021.89	
Telephone and Telegraph	65,000.00	78,660.00	68,923.11	9,736.89	
Heating	73,000.00	73,000.00	26,334.67	46,665.33	
Fuel Oil	1,500.00	1,500.00		1,500.00	
Gasoline	78,000.00	78,000.00	46,522.44	31,477.56	
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	270,853.50	270,853.50	260,744.50	10,109.00	
Social Security Program (OASI)	173,115.00	173,115.00	169,034.55	4,080.45	
Police and Firemen's Retirement System of NJ	877,618.50	877,618.50	877,618.49	0.01	
DCRP	4,000.00	4,000.00	786.97	3,213.03	
Total General Appropriations within "CAPS"	11,880,755.25	12,005,725.25	10,612,462.36	1,393,262.89	

BOROUGH OF ROSELAND
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

A-3
Sheet 4

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancel</u>
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>					
<u>OTHER OPERATIONS</u>					
Roseland Free Public Library	\$ 598,329.00	\$ 598,329.00	\$ 598,329.00		
 <u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>					
Public Health Services	80,706.00	80,706.00	80,705.04	\$ 0.96	
Animal Control Services	14,475.00	14,475.00	10,767.88	3,707.12	
Senior Citizens Transportation	29,196.00	29,196.00	24,236.74	4,959.26	
Building Inspection Service	180,612.00	180,612.00	131,112.00	49,500.00	
 <u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
National Crime Statistics Exchange Grant	20,000.00	20,000.00	20,000.00		
Municipal Alliance on Alcoholism and Drug Abuse	5,875.00	5,875.00	5,875.00		
Body Armor Grant	2,865.97	2,865.97	2,865.97		
Recycling Tonnage Grant	7,125.98	7,125.98	7,125.98		
 <u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	200,000.00	200,000.00	200,000.00		
 <u>DEBT SERVICE</u>					
Payment of Bond Principal	555,000.00	555,000.00	555,000.00		
Interest on Bonds	104,450.00	104,450.00	104,450.00		
Payment of Note Principal	520,179.00	520,179.00	520,179.00		
Interest on Note Principal	82,917.00	82,917.00	73,856.24		\$ 9,060.76
 Total Appropriations Excluded from "CAPS"	<u>2,401,730.95</u>	<u>2,401,730.95</u>	<u>2,334,502.85</u>	<u>58,167.34</u>	<u>9,060.76</u>
 Sub - Total	<u>14,282,486.20</u>	<u>14,407,456.20</u>	<u>12,946,965.21</u>	<u>1,451,430.23</u>	<u>9,060.76</u>
 Reserve for Uncollected Taxes	<u>660,298.74</u>	<u>660,298.74</u>	<u>660,298.74</u>		
 Total General Appropriations	<u>\$ 14,942,784.94</u>	<u>\$ 15,067,754.94</u>	<u>\$ 13,607,263.95</u>	<u>\$ 1,451,430.23</u>	<u>\$ 9,060.76</u>
 <u>Ref.</u>	<u>A-2, Below</u>	<u>Below</u>	<u>Below</u>	<u>A</u>	<u>Below</u>
 <u>Ref.</u>					
Adopted Budget Appropriation	Above	\$ 14,942,784.94			
Reserve for Uncollected Taxes	A-2a	(660,298.74)	\$ 660,298.74		
Emergency Appropriation	A-16	124,970.00			
Cash Disbursements	A-4		12,211,098.26		
Capital Improvement Fund	A-12		200,000.00		
Reserve for Tax Appeal	A-23		500,000.00		
Due to Grant Fund	A-13		1,175.00		
Encumbered	A			\$ 809,475.84	
Reserved	A			641,954.39	
Canceled	Above	(9,060.76)			\$ 9,060.76
Reserve for Grants	A-25		34,691.95		
	<u>A-1</u>	<u>\$ 14,398,395.44</u>	<u>\$ 13,607,263.95</u>	<u>\$ 1,451,430.23</u>	<u>\$ 9,060.76</u>

BOROUGH OF ROSELAND
TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

B

<u>ASSETS</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Affordable Housing Trust Fund</u>			
Cash	B-1	\$ 266,083.03	\$ 254,406.45
<u>Open Space Trust Fund</u>			
Cash	B-4	2,518,304.31	2,565,541.85
<u>Payroll Trust Fund</u>			
Cash	B	27,985.47	30,718.68
<u>Animal Control Trust Fund</u>			
Cash	B-1	6,877.22	8,754.40
<u>General Trust Fund</u>			
Cash:			
Checking Accounts	B-1	828,164.24	746,526.52
Developer's Escrow	B-2	174,076.23	183,196.59
Money Market Accounts	B-3	32,778.84	32,535.48
Due From CDBG	B-8	25,000.00	
		1,060,019.31	962,258.59
		\$ 3,879,269.34	\$ 3,821,679.97
<u>LIABILITIES AND RESERVES</u>			
<u>Affordable Housing Trust Fund</u>			
Reserve for Expenditures	B-14	\$ 266,083.03	\$ 254,406.45
		266,083.03	254,406.45
<u>Open Space Trust Fund</u>			
Reserve for Expenditures	B-11	2,518,304.31	2,565,541.85
		2,518,304.31	2,565,541.85
<u>Payroll Trust Fund</u>			
Reserve for Expenditures	B	27,985.47	30,718.68
		27,985.47	30,718.68
<u>Animal Control Trust Fund</u>			
Due to Current Fund	B-5	137.42	2,948.40
Reserve for Expenditures	B-9	6,739.80	5,806.00
		6,877.22	8,754.40
<u>General Trust Fund</u>			
Interfunds Payable	B-5	21.47	102.63
Reserve for:			
State Unemployment Compensation			
Insurance Fund	B-7	41,071.30	24,147.60
Developer's Escrow	B-12	174,085.15	183,205.86
Recreation Fund Expenditures	B-10	215,535.62	169,544.07
COAH Intervenor	B-16	1,081.66	1,081.66
Community Development Block Grant	B-15	25,293.36	293.36
Special Deposits	B-13	602,930.75	583,883.41
		1,060,019.31	962,258.59
		\$ 3,879,269.34	\$ 3,821,679.97

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Cash:			
Checking Accounts	C-2, C-3	\$ 2,331,606.44	\$ 2,182,611.41
Due from ECIA-Fire Equipment Lease	C-6	268,000.00	
Due from State of New Jersey			
Transportation Trust Fund	C-7	501,570.75	776,935.90
Deferred Charged to Future Taxation			
Funded	C-9	2,220,000.00	2,775,000.00
Unfunded	C-13	6,875,786.32	7,226,266.00
		<u>\$ 12,196,963.51</u>	<u>\$ 12,960,813.31</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Improvement Fund	C-8	\$ 646,315.37	\$ 882,945.19
Reserve for State Grant Receivable	C-10	114,250.00	114,250.00
Reserve for Regional Contribution Agreements	C	25,500.00	25,500.00
Reserve to Pay Debt	C-11	711,694.29	120,180.09
Reserve for Fire Equipment Lease	C-12	268,000.00	
Improvement Authorizations:			
Funded	C-14	1,026,405.24	566,811.30
Unfunded	C-14	1,324,561.35	1,725,210.47
Bond Anticipation Notes	C-15	5,745,597.00	6,636,276.00
Serial Bonds	C-4	2,220,000.00	2,775,000.00
Fund Balance	C-1	114,640.26	114,640.26
		<u>\$ 12,196,963.51</u>	<u>\$ 12,960,813.31</u>
 Bond and Notes Authorized but Not Issued	 C-16	 <u>\$ 1,130,189.32</u>	 <u>\$ 589,990.00</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

C-1

	<u>Ref.</u>	
Balance December 31, 2018 and 2019	C	<u>\$ 114,640.26</u>

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

D

<u>ASSETS</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Operating Fund</u>			
Cash:			
Checking Account	D-5	\$ 514,368.73	\$ 690,994.81
Investments	D-6	2,255,478.44	2,620,724.39
		<u>2,769,847.17</u>	<u>3,311,719.20</u>
Receivables and Inventory with Full Reserves:			
Water/Sewer Rents Receivable	D-8	175,806.90	138,968.21
Inventory	D-9	72,097.35	62,883.85
		<u>247,904.25</u>	<u>201,852.06</u>
Total Operating Fund		<u>3,017,751.42</u>	<u>3,513,571.26</u>
<u>Capital Fund</u>			
Cash - Checking Account:	D-5	1,102,386.53	741,416.98
Fixed Capital	D-10	9,238,409.18	9,238,409.18
Fixed Capital Authorized and Uncompleted	D-11	3,261,000.00	2,222,400.00
Total Capital Fund		<u>13,601,795.71</u>	<u>12,202,226.16</u>
		<u>\$ 16,619,547.13</u>	<u>\$ 15,715,797.42</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
Appropriation Reserves			
Encumbered	D-4, 12	\$ 574,949.56	\$ 613,012.69
Reserved	D-4, 12	609,462.22	974,103.78
Accounts Payable	D-13	16,143.95	12,300.95
Accrued Interest on Notes	D-20	16,293.75	
Water/Sewer Rent Prepayments	D-15	1,773.27	2,366.77
Water/Sewer Rent Overpayments	D-16	41,521.74	54,859.03
		<u>1,260,144.49</u>	<u>1,656,643.22</u>
Reserve For Receivables and Inventory		247,904.25	201,852.06
Fund Balance	D-1	<u>1,509,702.68</u>	<u>1,655,075.98</u>
Total Operating Fund		<u>3,017,751.42</u>	<u>3,513,571.26</u>
<u>Capital Fund:</u>			
Reserve for Amortization	D-17	9,293,409.28	9,238,409.28
Deferred Reserve for Amortization	D-18	196,850.00	196,850.00
Capital Improvement Fund	D-19	75,857.80	23,857.80
Improvement Authorizations			
Funded	D-21	92,243.82	92,243.82
Unfunded	D-21	1,728,434.70	2,003,681.15
Bond Anticipation Notes	D-22	2,112,200.00	550,000.00
Fund Balance	D-2	102,800.11	97,184.11
Total Capital Fund		<u>13,601,795.71</u>	<u>12,202,226.16</u>
		<u>\$ 16,619,547.13</u>	<u>\$ 15,715,797.42</u>
Bonds and Notes Authorized but Not Issued	D-22	<u>\$ 896,949.90</u>	<u>\$ 1,475,549.90</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2019 AND 2018

D-1

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	D-3	\$ 527,878.00	
Water/Sewer Rents	D-3	2,570,339.89	\$ 2,891,694.08
Miscellaneous Revenue	D-3	84,786.30	84,827.08
Interfund Liquidated			4,900.00
Unexpended Balance of Appropriation Reserves	D-12	1,050,103.34	1,181,474.52
		<u>4,233,107.53</u>	<u>4,162,895.68</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages		431,070.00	446,540.00
Other Expenses		1,863,932.00	1,602,121.00
Debt Service		77,000.00	
Capital Improvement Fund		52,000.00	
Statutory Expenditures		29,570.00	20,000.00
Prior Year Overpayments Payable			13,188.71
Share of Joint Service Sewer		612,030.83	900,000.00
	D-4	<u>3,065,602.83</u>	<u>2,981,849.71</u>
Overpayments			<u>13,188.71</u>
Excess in Revenue		1,167,504.70	1,181,045.97
Fund Balance, January 1	D	<u>1,655,075.98</u>	<u>1,759,030.01</u>
		2,822,580.68	2,940,075.98
Decreased by:			
Utilized as Anticipated Revenue	Above	527,878.00	
Anticipated as Revenue in Current Fund	D-5	<u>785,000.00</u>	<u>1,285,000.00</u>
Fund Balance, December 31	D	<u>\$ 1,509,702.68</u>	<u>\$ 1,655,075.98</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

STATEMENT OF WATER CAPITAL FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

D-2

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 97,184.11
Increased by:		
Premium on Sale of Notes	D-5	<u>5,616.00</u>
Balance, December 31, 2019	D	<u>\$ 102,800.11</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

STATEMENT OF REVENUE - OPERATING FUND
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

D-3

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess/(Deficit)</u>
Operating Surplus	D-1	\$ 527,878.00	\$ 527,878.00	
Rents	D-1, 8	2,891,694.00	2,570,339.89	\$ (321,354.11)
Miscellaneous	D-1, Below	<u>84,000.00</u>	<u>84,786.30</u>	<u>786.30</u>
Total Budget Revenue	D-4	<u>\$ 3,503,572.00</u>	<u>\$ 3,183,004.19</u>	<u>\$ (320,567.81)</u>
<u>Miscellaneous Revenue</u>				
Interest Income:				
Checking Account	D-5	\$ 24,730.82		
Investments	D-6	<u>34,754.05</u>	<u>\$ 59,484.87</u>	
Other Revenue:				
Interest on Delinquent Rents		\$ 18,704.36		
Meter Fees		1,600.00		
Sewer Connection Fees		2,321.07		
Hydrant Fees		676.00		
Connection Fees		<u>2,000.00</u>		
	D-5		<u>25,301.43</u>	
	Above		<u>\$ 84,786.30</u>	

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2019

D-4

	Appropriation		Expended			Reserved
	Budget	Budget After Modification	Paid or Charged	Encumbered	Canceled	
<u>Operating</u>						
Salaries and Wages	\$ 431,070.00	\$ 431,070.00	\$ 302,927.41			\$ 128,142.59
Other Expenses	2,013,932.00	2,013,932.00	815,220.94	\$ 574,949.56	\$ 150,000.00	473,761.50
Roseland's Share of Joint Service User's Fees:						
Share of Joint User Fees - Caldwell	900,000.00	900,000.00	612,030.83		287,969.17	
	<u>3,345,002.00</u>	<u>3,345,002.00</u>	<u>1,730,179.18</u>	<u>574,949.56</u>	<u>437,969.17</u>	<u>601,904.09</u>
<u>Debt Service:</u>						
Payment of Bond Anticipation Notes and						
Capital Notes	55,000.00	55,000.00	55,000.00			
Interest on Notes	22,000.00	22,000.00	22,000.00			
	<u>77,000.00</u>	<u>77,000.00</u>	<u>77,000.00</u>			
<u>Capital Improvement Fund</u>						
Capital Improvement Fund	<u>52,000.00</u>	<u>52,000.00</u>	<u>52,000.00</u>			
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System (OASI)	29,070.00	29,070.00	21,852.01			7,217.99
Unemployment Compensation Insurance						
(N.J.S.A. 43:21-3 et seq.)	500.00	500.00	159.86			340.14
	<u>29,570.00</u>	<u>29,570.00</u>	<u>22,011.87</u>			<u>7,558.13</u>
	<u>\$ 3,503,572.00</u>	<u>\$ 3,503,572.00</u>	<u>\$ 1,881,191.05</u>	<u>\$ 574,949.56</u>	<u>\$ 437,969.17</u>	<u>\$ 609,462.22</u>
<u>Ref</u>			Below	D	Below	D
	<u>Ref</u>					
Adopted Budget	D-3	\$ 3,503,572.00				
Canceled	Above	(437,969.17)				
Cash Disbursed	D-5		\$ 1,807,191.05			
Due Water/Sewer Capital Fund	D-14		52,000.00			
Accrued Interest on Notes	D-20		22,000.00			
	D-1	<u>\$ 3,065,602.83</u>	<u>\$ 1,881,191.05</u>			

BOROUGH OF ROSELAND
GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2019 and 2018

E

	<u>2019</u>	<u>2018</u>
Land	\$ 17,000.00	\$ 17,000.00
Land Improvements	7,264,979.02	7,117,737.20
Equipment and Vehicles	<u>5,634,277.12</u>	<u>5,476,891.06</u>
	<u>\$ 12,916,256.14</u>	<u>\$ 12,611,628.26</u>
Investment in Fixed Assets	<u>\$ 12,916,256.14</u>	<u>\$ 12,611,628.26</u>

See accompanying notes to financial statements.

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 – REPORTING ENTITY

The Borough of Roseland (the “Borough”) is organized as a Mayor-Council municipality under the provisions of N.J.S.A. 40:69A-81 et seq. The Borough is “governed by an elected Council and Mayor, and by such other officers and employees as may be duly appointed. The Council shall consist of six members elected at large by voters of the municipality and shall serve for three years beginning on the first day of January next year following their election and that the mayor shall be elected to a four year term. Each member of the Council carries a legislative vote. The Borough’s major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, water and sewer, and general administrative services.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Presentation

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) which is another comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the separate funds, which differ from the fund structure required by GAAP.

GASB has issued Statement No. 14 as amended by GASB Statement No. 61 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5. The financial statements of the Borough, however, do not include the operations of the Municipal Library, which is a separate entity subject to a separate examination.

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

The Borough has the following funds and account groups:

Current Fund – This fund is used to account for resources and expenditures for governmental operations of a general nature, including Federal and State grants which are reflected in a segregated section of the Current Fund.

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trust Funds – Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds. These include the Animal Control Trust Fund, Affordable Housing Trust Fund and the General Trust Fund. The Animal Control Fund is used to account for fees collected from dog licenses and expenditures which are regulated by N.J.S.A. 4:19-15.11. The Affordable Housing Trust Fund is used to account for funds collected in connection with the Borough's affordable housing program in accordance with P.L. 2009, c.46 (C 52:27D-329.1 et al) and the regulations of COAH at N.J.A.C. 5:97-8.1. The General Trust Fund encompasses accounts of activity for Federal Community Development Block Grants, Recreation Commission, Developer's Escrow and Other Special Deposits.

Open Space Trust Fund – This fund is used to account for the receipts and disbursement of funds used for acquisition of land for recreation and conservation purposes, development of land acquired for recreation and conservation purposes; maintenance of land acquired for recreation and conservation purposes; acquisition of farmland for farmland preservation purposes; historic preservation of historic properties, structures, facilities, sites, areas, or objects, and the acquisition of such properties, structures, facilities, sites, areas or objects for historic preservation purposes or payment of debt service on indebtedness issued or incurred by municipality as set for purposes stated above.

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

Water and Sewer Utility Fund – This fund is used to account for the revenues and expenditures for the operation of the Borough's Water and Sewer Utility activities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities for the Water and Sewer Utility, as well as the related long-term debt accounts, is accounted for in the capital section of the fund.

Basis of Accounting

The Borough follows the required regulatory basis of accounting. Under this method of accounting, revenues except for Federal and State Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from US GAAP applicable to local government units.

The more significant differences are as follows:

Property Tax Revenues – Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. Taxes are payable in four quarterly installments on August 1, November 1, February 1 and May 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500.00. The Borough also imposes a 6% year end penalty for a delinquency over \$10,000.00 as of December 31. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on May 1 in the year following the calendar year levy when the same became in arrears, the collector of the municipality shall (subject to the provisions of the New Jersey Statutes) enforce the lien by placing the property on a tax sale. The Borough conducts annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of the property. In accordance with the accounting principles prescribed by the Division, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grant Revenues – Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough budget. GAAP requires such revenues to be recognized in the accounting period when they are earned and the expenditures to be recognized when the liability is incurred.

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

Budget and Budgetary Accounting – An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division per N.J.S.A. 40A:4 et seq. The Borough is not required to adopt budgets for the following funds:

- General Capital Funds
- Trust Funds

The governing body shall introduce and approve the annual budget not later than February 10, of the year. The budget shall be adopted not later than April 20, and prior to adoption must be certified by the Division. The Director of the Division, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

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

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

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

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

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

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Fixed Assets:

General – Capital fixed assets used in governmental operations are accounted for in the Capital Fixed Assets. Public domain (infrastructure) general capital fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual capital fixed asset record. Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established capital fixed assets are to be valued at cost. Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities – Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utility are recorded at cost upon purchase or project completion in the Fixed Asset Account of the Utility. The Fixed Asset account is adjusted for dispositions or abandonments. Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital. Fixed Capital of the Utilities are offset by accumulations in the Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer's contributions or liquidations of bonded debt and other liabilities incurred upon fixed asset acquisition.

Inventories– An annual inventory of materials and supplies for the Water and Sewer Utility is required, by regulation, to be prepared by Borough personnel for inclusion on the Water Sewer Utility Operating Funds balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. The costs of inventories of supplies for other funds are recorded as expenditures at the time individual items are purchased and are not inventoried nor included on their respective balance sheets.

Cash and Investments – Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of, or guaranteed by, the Federal Government and bonds or other obligations of Federal or local its having a maturity date not more than twelve months from the date of purchase. GAAP requires that investments be reported at fair value.

Tax Appeal and Other Contingent Losses – Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Basic Financial Statements – The preparation of financial statements in conformity with the accounting principles and practices prescribed by the Division requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

Long-term Debt - The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is provided in Note 6 to the financial statements.

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense - the requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68 require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. Since the Borough does not follow generally accepted accounting principles, the GASBs did not result in a change in the Borough's assets, liabilities and contribution requirements. Refer to Note 8 for these disclosures.

Other Post-Employment Benefits Other Than Pensions - The requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Borough does not follow generally accepted accounting principles, the GASB did not result in a change in the Borough's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB. See Note 10 for these disclosures.

NOTE 3 –CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits - New Jersey Statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund (the "Fund") is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division, municipalities are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey ("GUDPA"), 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 five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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.

Bank balances are insured up to \$750,000.00 in the aggregate by the FDIC for each bank, \$13,710,759.92 was covered by GUDPA and \$84,962.20 was uninsured and not collateralized. At December 31, 2019, the book value of the Borough's deposits was \$14,338,802.31 and bank balances of the Borough's cash and deposits amounted to \$14,460,758.92. At December 31, 2019, the Borough had \$3,927,900.00 deposited in the New Jersey Cash Management Fund. The Borough's deposits which are displayed on the combined balance sheet as "cash" are categorized as:

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Category 1 – Insured or collateralized with securities held by the Borough's or its agent in the Borough's name.

Category 2 – Collateralized with securities held by the pledging financial institutions trust department or agent in the Borough's name.

Category 3 – Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Borough's name.

Investments:

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Government Money Market Mutual Funds
- c. Any obligations that a federal agency or a federal instrumentality has issued, with 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
- d. Bonds or other obligations of the Borough or bonds or other obligations of school districts, which are a part of the Borough or school districts located within the Borough.
- e. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

NOTE 4 – TAXES RECEIVABLE AND TAX TITLE LIENS RECEIVABLE

Taxes receivable and tax title liens are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

Schedule of Comparative Tax Rates:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 2.274</u>	<u>\$ 2.254</u>	<u>\$ 2.253</u>
Apportionment of Tax Rate:			
Municipal	\$ 0.650	\$ 0.647	\$ 0.637
County	0.526	0.514	0.561
Local School	0.531	0.517	0.497
Regional School	<u>0.567</u>	<u>0.576</u>	<u>0.558</u>

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4– TAXES RECEIVABLE AND TAX TITLE LIENS RECEIVABLE (continued)

Schedule of Assessed Valuations:

<u>Year</u>	<u>Amount</u>
2019	\$1,673,161,300.00
2018	1,671,426,400.00
2017	1,692,381,300.00

Schedule of Tax Levies and Collections:

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	Percentage of <u>Collections</u>
2019	\$ 38,047,687.72	\$ 37,770,487.22	99.27 %
2018	37,732,192.54	37,381,488.71	99.07
2017	38,164,192.28	37,497,290.91	98.25

Schedule of Taxes and Tax Title Liens:

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
2019	\$ 150,410.85	\$ 249,905.68	\$ 400,316.53	1.05%
2018	123,444.98	308,996.45	432,441.43	1.15%
2017	94,452.84	254,214.85	348,667.69	0.91%

Schedule of Property Acquired by Tax Title Lien Liquidation:

The value of property acquired by liquidation of tax title liens, on the basis of the last assessed valuation of such properties in the year of acquisition, is as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 1,800.00
2018	1,800.00
2017	1,800.00

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4– TAXES RECEIVABLE AND TAX TITLE LIENS RECEIVABLE (continued)

Schedule of Water/Sewer Consumer Accounts Receivable:

The Borough combined their Water and Sewer Utility Funds into one combined fund in the calendar year 2015. The combined fund is used for the billing and collection of rents. The Borough's billings are done on a quarterly basis. The billing and collections for the previous five years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection*</u>
2019	\$ 2,607,178.58	\$ 2,570,339.89
2018	2,473,848.73	2,891,694.08
2017	3,412,375.85	3,138,932.11

* Includes prior year collections

NOTE 5 – FUND BALANCES APPROPRIATED

<u>Year</u>	<u>Current Fund</u>		<u>Water Sewer Utility Operating Fund</u>	
	<u>Balance Dec. 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Balance Dec. 31st</u>	<u>Utilized in Budget of Succeeding Year</u>
2019	\$ 4,547,342.75	\$ 1,704,210.00	\$ 1,509,702.68	\$ 723,234.00
2018	4,602,275.78	1,519,000.00	1,655,075.98	527,878.00
2017	4,274,422.40	1,192,000.00	1,759,030.01	-

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 6 –MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Pursuant to N.J.S.A. 40A:2-8 bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt):

	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued</u>		
General:		
Bonds, Notes and Loans	\$ 7,965,597.00	\$ 9,411,276.00
Water/Sewer Utility:		
Bonds, Notes and Loans	2,112,200.00	550,000.00
	<u>10,077,797.00</u>	<u>9,961,276.00</u>
Less:		
Reserve to Pay Debt Service:		
General	<u>711,694.29</u>	<u>120,180.09</u>
	<u>711,694.29</u>	<u>120,180.09</u>
Net Debt Issued	<u>9,366,102.71</u>	<u>9,841,095.91</u>
<u>Authorized but Not Issued</u>		
General:		
Bonds and Notes	1,130,189.32	589,990.00
Water/Sewer Utility:		
Bonds and Notes	<u>896,949.90</u>	<u>1,475,549.90</u>
Total Authorized but Not Issued	<u>2,027,139.22</u>	<u>2,065,539.90</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 11,393,241.93</u>	<u>\$ 11,906,635.81</u>

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 6 –MUNICIPAL DEBT (continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .451% at December 31, 2019.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 4,570,000.00	\$ 4,570,000.00	
Regional School Debt	2,047,519.12	2,047,519.12	
Water/Sewer Utility			
Debt	3,009,149.90	3,009,149.90	
General Debt	<u>9,095,786.32</u>	<u>711,694.29</u>	\$ 8,384,092.03
	<u>\$ 18,722,455.34</u>	<u>\$ 10,338,363.31</u>	<u>\$ 8,384,092.03</u>

Net Debt, \$8,384,002.03 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,873,448,811.67 equals .448%.

The Borough's remaining borrowing power under N.J.S.A. 40A:2-6, as amended, at December 31, 2019 was as follows:

3 ½% of Equalized Valuation Basis	\$ 65,570,708.41
Net Debt	<u>8,384,092.03</u>
Remaining Borrowing Power	<u>\$ 57,186,616.38</u>

School Debt Deductions

School debt is deductible up to the extent of 2.5% of the Average Equalized Assessed Valuations of real property for the Local School District and entirely for the Regional High School.

Calculation of "Self-Liquidating Purposes" Water/Sewer Utility per N.J.S.A. 40A:2-45

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 3,183,004.19
Deductions:		
Operating and Maintenance Costs	\$ 2,936,602.83	
Debt Service per Water/Sewer Utility	<u>77,000.00</u>	
		<u>3,013,602.83</u>
Excess in Revenue		<u>\$ 169,401.36</u>

There being an excess in revenue, all Water/Sewer Debt is deductible for Debt Statement Purposes.

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

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 6 –MUNICIPAL DEBT (continued)

As of December 31, 2019, the Borough long-term debt is as follows:

	2019	2018
\$5,570,000, 2015 Refunding Bonds due in annual installments of \$555,000 through November 2023, interest at 3.00%	\$ 2,200,000.00	\$ 2,775,000.00
	<u>\$ 2,200,000.00</u>	<u>\$ 2,775,000.00</u>

Changes in Municipal Debt

	December 31, 2018	Additions	Reductions	December 31, 2019
Serial Bonds:				
General Capital Fund	\$ 2,775,000.00		\$ 555,000.00	\$ 2,220,000.00
Total Bonds Payable	<u>2,775,000.00</u>		<u>555,000.00</u>	<u>2,220,000.00</u>
Bond Anticipation Notes:				
General Capital Fund	6,636,276.00	\$ 5,745,597.00	6,636,276.00	5,745,597.00
Water Capital Fund	550,000.00	2,112,200.00	550,000.00	2,112,200.00
Total Bonds Payable	<u>7,186,276.00</u>	<u>7,857,797.00</u>	<u>7,186,276.00</u>	<u>7,857,797.00</u>
Total Debt	<u>\$ 9,961,276.00</u>	<u>\$ 7,857,797.00</u>	<u>\$ 7,741,276.00</u>	<u>\$ 10,077,797.00</u>
	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018
Serial Bonds:				
General Capital Fund	\$ 3,330,000.00		\$ 555,000.00	\$ 2,775,000.00
Total Bonds Payable	<u>3,330,000.00</u>		<u>555,000.00</u>	<u>2,775,000.00</u>
Bond Anticipation Notes:				
General Capital Fund	6,284,489.00	\$ 6,636,276.00	6,284,489.00	6,636,276.00
Water Capital Fund	-	550,000.00	-	550,000.00
Total Bonds Payable	<u>6,284,489.00</u>	<u>7,186,276.00</u>	<u>6,284,489.00</u>	<u>7,186,276.00</u>
Total Debt	<u>\$ 9,614,489.00</u>	<u>\$ 7,186,276.00</u>	<u>\$ 6,839,489.00</u>	<u>\$ 9,961,276.00</u>

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 7 –MUNICIPAL DEBT (continued)

Schedule of Annual Debt Service for Principal and Interest of Bonds Issued and Outstanding

A schedule of annual debt service for future principal and interest for bonded debt is as follows:

<u>Year</u>	<u>Cash Basis</u>		
	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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>\$ 2,220,000.00</u>	<u>\$ 187,700.00</u>	<u>\$ 2,407,700.00</u>

Bonds and Notes Authorized by Not Issued

	<u>Balance Dec. 31, 2019</u>	<u>Balance Dec. 31, 2018</u>
General Capital Fund:		
General Improvements	<u>\$ 1,130,189.32</u>	<u>\$ 589,990.00</u>
Water/Sewer Utility Capital Fund:		
General Improvements	<u>\$ 896,949.90</u>	<u>\$ 1,475,549.90</u>

Capital Leases Payable

The Borough has entered into a capital lease agreement with the Essex County Improvement Authority for equipment purchases related to the Fire Department. The capital lease is for a term of five years. The following is a schedule of the remaining future lease payments as of December 31, 2019:

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Annual Debt Service</u>
2020	\$ 50,000.00	4.000%	\$ 11,108.33	\$ 61,108.33
2021	51,000.00	5.000%	10,900.00	61,900.00
2022	53,000.00	5.000%	8,350.00	61,350.00
2023	56,000.00	5.000%	5,700.00	61,700.00
2024	58,000.00	5.000%	2,900.00	60,900.00
	<u>\$ 268,000.00</u>		<u>\$ 38,958.33</u>	<u>\$ 306,958.33</u>

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 8 – PENSION PLANS

Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2019 and 2018:

	2019	2018
Inactive plan members or beneficiaries currently receiving benefits	178,748	174,904
Inactive plan members entitled to but not yet receiving benefits	609	589
Active plan members	252,598	254,780
Total	<u>431,955</u>	<u>430,273</u>

Contributing Employers – 1,703

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2019, the State was required to make a minimum contribution representing 4/7th of the actuarially determined contribution amount based on the July 1, 2013 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 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 an employer 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 PERS, 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.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2019 and 2018, the Borough's total payroll for all employees was \$4,794,132 and \$4,900,838, respectively. Total PERS covered payroll was \$1,720,443, and \$1,670,681, respectively. Covered payroll refers to pensionable compensation, rather than total compensation paid by the Borough to active employees covered by the plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Employer's contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for the basic retirement allowances and noncontributory death benefits. Borough contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions were calculated.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 70% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 70% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2019 with respect to the actuarially determined contribution for the year ending June 30, 2019 for all State administered retirement systems.

Borough payments to PERS for the years ending December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Total Regular Billing	\$ 228,014	\$ 239,610

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible 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

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. 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.

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 their respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

At June 30, 2019, the PERS reported a net pension liability of \$18,143,832,135 for its Non-State Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Borough was \$4,223,733 or 0.0234411150% which was a decrease of 0.0006481150% from its proportion measured as of June 30, 2018.

The pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

At June 30, 2018, the PERS reported a net pension liability of \$19,689,501,839 for its Non-State Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Borough was \$4,743,049 or 0.0240892300%.

At December 31, 2019 the Borough would have reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources, if GASB 68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,810	\$ 18,659
Changes in assumptions	421,755	1,466,044
Net difference between projected and actual earnings on pension plan investments		66,673
Changes in proportion and differences between Township contributions and proportionate share of contributions	40,953	408,091
Township contributions subsequent to the measurement date	<u>228,014</u>	
	<u>\$ 766,532</u>	<u>\$ 1,959,467</u>

\$228,014 shown as deferred outflows of resources related to PERS resulting from Borough contributions subsequent to the measurement date (December 31, 2019) should have been recognized as a reduction of net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS should have been recognized in pension expense as follows, if GASB 68 was recognized:

<u>December 31,</u>	<u>Amount</u>
2020	\$ (260,834)
2021	(444,752)
2022	(458,381)
2023	(235,337)
2024	<u>(21,645)</u>
Total	<u>\$ (1,420,949)</u>

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.50%	2.50%
Salary Increases*:		
Through 2026		1.65% - 4.15% based on age
Thereafter	3.25% to 15.25% based on years of service	2.65% - 5.15% based on age

Mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019 and 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefits payments through June 30, 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
PERS	\$ 5,335,261	\$ 4,223,733	\$ 3,287,113

Plan Fiduciary Net Position – The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2019 and 2018 were \$29,847,977,666 and \$29,472,374,536, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2019 and 2018 was \$23,347,631,751 and \$22,742,071,972, respectively.

Additional Information – Collective balances at June 30, 2019 are as follows:

Collective deferred outflows of resources	\$ 3,149,522,616
Collective deferred inflows of resources	7,645,087,574
Collective net pension liability - Local group	18,143,832,135
Borough's Proportion	0.0234411150%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2019 and 2018 was \$974,471,686 and \$1,099,708,157, respectively. The average of the expected remaining service lives of all plan members is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates – Prior to the July 1, 2017 valuation, it is assumed the State will make pension contributions on the June 30th following the valuation date. Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions – The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2019 and June 30, 2018 are \$1,038,892,124 and \$1,073,054,740, respectively.

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2019:

	2019	2018
Inactive plan members or beneficiaries currently receiving benefits	44,567	43,755
Inactive plan members entitled to but not yet receiving benefits	42	39
Active plan members	42,295	41,517
Total	86,904	85,311

Contributing Employers – 584

Significant Legislation – For State of New Jersey Contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

For the year ended June 30, 2019, it is assumed that the Local employers will contribute 100% of their actuarially determined contribution while the State will contribute 70% of its actuarially determined contributions and 100% of its NCGIPF contribution. The 70% contribution rate is the actual total State contribution rate paid in the fiscal year ending June 30, 2019 with respect to the actuarially determined contribution for the fiscal year ended June 30, 2018 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Pursuant to the provision of Chapter 78, P.L., cost of living adjustment (COLA) increases were suspended for all current and future retirees of PFRS.

For the years ended December 31, 2019 and 2018 the Borough's total payroll for all employees was \$4,794,132 and \$4,900,838, respectively. Total PFRS covered payroll was \$2,845,008 and \$2,856,758, respectively. Covered payroll refers to pensionable compensation rather than total compensation paid by the Borough to active employees covered by the Plan.

Borough payments to PFRS made in the years ending December 31, 2019 and 2018 consisted of the following:

	2019	2018
Total Regular Billing	\$ 825,788	\$ 791,217

The Borough recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

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 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2019, the PFRS reported a net pension liability of \$14,170,193,618 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$10,004,691 or 0.0817522362% which was an increase of 0.0008215188% from its proportion measured as of June 30, 2018. Then pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

At June 30, 2018, the PFRS reported a net pension liability of \$15,369,699,278 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$10,951,260, or 0.0809307174%.

At December 31, 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources (if GASB 68 were recognized):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,452	\$ 63,342
Changes in assumptions	342,815	3,233,424
Net difference between projected and actual earnings on pension plan investments		135,560
Changes in proportion and differences between Township contributions and proportionate share of contributions	372,610	109,071
Township contributions subsequent to the measurement date	825,788	
	<u>\$ 1,625,665</u>	<u>\$ 3,541,397</u>

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

\$825,788 shown as deferred outflows of resources related to PFRS resulting from Borough contributions subsequent to the measurement date. Other amounts reports as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

Year ended <u>December 31,</u>	<u>Amount</u>
2020	\$ (594,216)
2021	(868,132)
2022	(736,513)
2023	(371,847)
2024	<u>(170,812)</u>
Total	<u>\$ (2,741,520)</u>

Actuarial Assumptions- The total pension liability in the June 30, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.50%	2.50%
Salary Increases*:		
Through 2026		1.65% - 4.15% based on age
Thereafter	3.25% to 15.25% based on years of service	2.65% - 5.15% based on age

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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.

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate- The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 70% of that actuarially determined contributions for the State employer and 100% of actuarially determine contributions for local employers. 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease (5.85%)</u>	<u>At Current Discount Rate (6.85%)</u>	<u>At 1% Increase (7.85%)</u>
PFRS	\$ 13,522,696	\$ 10,004,691	\$ 7,093,035

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2019 and 2018 was \$27,792,420,945 and \$27,098,556,100, respectively.

Additional Information – Collective balances at June 30, 2019 are as follows:

Collective deferred outflows of resources	\$	1,198,936,924
Collective deferred inflows of resources		4,874,748,912
Collective net pension liability - Local group		14,170,193,618
Borough's Proportion		0.0817522362%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 and 2018 is \$1,325,963,796, and \$1,270,762,352, respectively. The average of the expected remaining service lives of all plan members is 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates – Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis by at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions – The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pension and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2019 and 2018 are \$1,105,874,849, and \$1,089,730,202, respectively. Local contributions, expected to be paid the April 1st following the valuation, are discounted by the interest rate used at the valuation date.

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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and the state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net position liability that is associated with the Borough as of June 30, 2019 and 2018 for police and fire is 0.0817522362% and 0.0809307174%, respectively. The non-employer contributions for the years ended June 30, 2019 and 2018 were \$106,443 and \$88,099, respectively. The State's proportionate share of the net pension liability attributable to the Borough as of June 30, 2019 and 2018 was \$1,579,760, and \$1,487,548, respectively.

Defined Contribution Retirement Plan

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation. The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8 –PENSION PLANS (continued)

Defined Contribution Retirement Plan (continued)

of at least \$5,000 annually. The maximum wage limit for 2018 is \$132,900 and is subject to annual adjustment. Members who earn in excess of the annual maximum wage will be enrolled in the DCRP in addition to the PERS. The minimum salary will be increased to \$8,000 for the period ended June 30, 2019. At June 30, 2019 and 2018, the membership in the DCRP, based on the information within the Division's database, was 59,270 and 57,893, respectively.

Contribution Requirement and Benefit *Provisions* - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members are employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent on the annual Appropriations act. As defined, the various retirement systems require employee contributions based on employee's base wages as follows: 7.5% for PERS, 10% for PFRS and 5.5% for DCRP.

NOTE 9 – 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. The Borough of Roseland is a member of 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.

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
DECEMBER 31, 2019 AND 2018

NOTE 10 – STATE OTHER POST-EMPLOYMENT (RETIREMENT) BENEFITS (OPEB) - OTHER THAN PENSIONS

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

Benefits Provided – The plan provides medical and prescription drug coverage to 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.

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

Plan Membership and Contributing Employers - Plan membership and contributing employers/nonemployers consisted of the following at June 30, 2019 and 2018:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inactive plan members or beneficiaries currently receiving benefits	29,812	27,871
Active plan members	<u>66,213</u>	<u>63,032</u>
Total	<u>96,025</u>	<u>90,903</u>
Contributing employers	590	590
Contributing nonemployers	1	1

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 10 – STATE OTHER POST-EMPLOYMENT (RETIREMENT) BENEFITS (OPEB)- OTHER THAN PENSIONS (continued)

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$8,020,352,361 and \$9,452,773,649 at June 30, 2019 and 2018, respectively. The Borough's nonspecial funding situation proportion of the Total OPEB Liability was \$9,205,910 (0.067960%) and \$10,589,381 (0.067592%) for the years ended June 30, 2019 and June 30, 2018, respectively.

Components of the Net OPEB Liability – The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	June 30, 2019	June 30, 2018
Total OPEB Liability	\$ 13,819,244,582	\$ 15,981,103,227
Plan Fiduciary Net Position	<u>273,173,482</u>	<u>314,485,086</u>
Net OPEB Liability	<u>\$ 13,546,071,100</u>	<u>\$ 15,666,618,141</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuation used the following actuarial assumptions, applied to all periods (2019 and 2018) in the measurement:

	June 30, 2019	June 30, 2018
Inflation	2.50%	2.50%
Salary Increases*:		
PERS		
Through 2026	2.00% - 6.00%	1.65% - 8.98%
Thereafter	3.00% - 7.00%	2.65% - 9.98%
PFRS		
Rate for all future years	3.25% - 15.25%	

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

Preretirement and postretirement mortality rates were based on the Pub-2010 Safety Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018 respectively.

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

Healthcare Trend 2019 Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 10 – STATE OTHER POST-EMPLOYMENT (RETIREMENT) BENEFITS (OPEB)- OTHER THAN PENSIONS (continued)

Discount Rate - The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2019 and 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
Total Net OPEB Liability - 2018	\$ 18,381,085,096	\$ 15,666,618,141	\$ 13,498,373,388
Total Net OPEB Liability - 2019	15,662,704,137	13,546,071,100	11,826,026,995

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2019 and 2018, respectively, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability - 2018	\$ 13,068,471,450	\$ 15,666,618,141	\$ 19,029,006,023
Total Net OPEB Liability - 2019	11,431,214,644	13,546,071,100	16,243,926,531

Special Funding Situation - The State of New Jersey's Total OPEB Liability for special funding situation was \$5,525,718,739 and \$6,213,844,492 at June 30, 2019 and 2018, respectively.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The amount of the State's proportionate share of the net OPEB liability for special funding situation attributable to employees and retirees of the Borough of Roseland was \$4,819,145 (26 members) at June 30, 2019, or 0.087213%, and \$5,685,543 (26 members) at June 30, 2018, or 0.091498%. The OPEB expense attributed to the Borough was \$63,879 and \$172,108 at June 30, 2019 and 2018, respectively.

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 11 – INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2019 and 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>2019</u>		<u>2018</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 158.89	\$ 97,711.72	\$ 3,051.03	\$ 103,335.42
Federal and State Grant Fund	97,711.72		103,335.42	
General Trust Fund		21.47		102.63
Animal Trust Fund		137.42		2,948.40
	<u>\$ 97,870.61</u>	<u>\$ 97,870.61</u>	<u>\$ 106,386.45</u>	<u>\$ 106,386.45</u>

NOTE 12 – DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the Borough has a deferred charge in the current fund in the amount of \$124,970.00 for the purpose of performing a revaluation of the Borough's properties.

NOTE 13 –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.

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2019 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

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 \$1,688,513.95.

NOTE 14 – ECONOMIC DEPENDENCY

The Borough 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 15 –ACCUMULATED VACATION AND SICK PAY

The Borough has an Accrued Sick Policy Plan, whereby eligible employees, upon retirement, will receive no more than sixty (60) days of accumulated sick time. Certain employee's use of unused sick leave as retirement leave is capped at \$25,000.00, \$15,000.00 or may be limited by the provisions of N.J.S.A. 11A:6-19.1. Patrol officers hired on or after January 1, 2007 will receive no more than thirty (30) days of accumulated sick time and may take the time as retirement pay or cash out accrued time up to \$25,000.00. Superior Officers who retire with twenty-five (25) years of service in the New Jersey pension system and with at least ten (10) years of service to the

Borough may use a maximum of 60 days of accrued sick time (30 days if hired after 2007) as retirement leave and are also granted sixty (60) days of terminal leave.

BOROUGH OF ROSELAND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 15 –ACCUMULATED VACATION AND SICK PAY (CONT'D.)

The Borough has an Accrued Vacation Policy Plan, whereby eligible employees shall not be entitled to carry over unused vacation days into the following year. Employees who do not take their vacation days shall be entitled to receive compensation for up to 10 unused vacation days at the rate of pay the employees is earning.

Provisions for the above are not reflected on the Financial Statements of the Borough. It is estimated that the current cost of such unpaid compensation, which is unaudited, is estimated at \$618,604.00 and \$639,082.00 at December 31, 2019 and 2018, respectively. In accordance with New Jersey principles, these amounts, which are considered material to the financial statements, are not reported either as an expenditure or liability.

NOTE 16 – DEFERRED COMPENSATION PLANS

The Borough offers its employees deferred compensation plans (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 17 – FIXED ASSETS

The following is a summary of changes in the General Fixed Assets account group for the years ended December 31, 2019 and 2018:

General Fixed Assets

	Balance December 31, <u>2018</u>	<u>Additions</u>	Balance December 31, <u>2019</u>
Land and Improvements	\$ 17,000.00		\$ 17,000.00
Buildings	7,117,737.20	\$ 147,241.82	7,264,979.02
Machinery and Equipment	5,476,891.06	157,386.08	5,634,277.14
	<u>\$ 12,611,628.26</u>	<u>\$ 304,627.90</u>	<u>\$ 12,916,256.16</u>
	Balance December 31, <u>2017</u>	<u>Additions</u>	Balance December 31, <u>2018</u>
Land and Improvements	\$ 17,000.00		\$ 17,000.00
Buildings	7,117,737.20		7,117,737.20
Machinery and Equipment	4,535,902.06	\$ 940,989.00	5,476,891.06
	<u>\$ 11,670,639.26</u>	<u>\$ 940,989.00</u>	<u>\$ 12,611,628.26</u>

BOROUGH OF ROSELAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 18 - SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after December 31, 2019 through the date of September 23, 2020, which is the date the financial statements were available to be issued. Based on this evaluation, the Borough has determined the following subsequent event has occurred which requires disclosure in the financial statements.

Subsequent to year end, the COVID-19 (coronavirus) pandemic has resulted in substantial economic volatility on a global scale. As a result, the Borough's economically sensitive revenues (i.e. property taxes, water and sewer utility collections, licenses and fees, interest earnings, state and federal aid) might be negatively impacted. Collection rates on real property taxes might be slowed as unemployment rates are expected to spike. Meanwhile, the Borough's expenditures for public safety and health service functions and pension benefits (due to stock market declines) would all be expected to increase sharply. None of these factors were taken into consideration in the development of the 2020 adopted budget. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Borough's financial position at this time.

**BOROUGH OF ROSELAND
ESSEX COUNTY, NEW JERSEY**

**PART II
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2019**

BOROUGH OF ROSELAND
CURRENT FUND

SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2019

A-4

	<u>Ref.</u>	<u>Current Fund</u>	
Balance, December 31, 2018	A		\$ 6,218,658.34
Increased by Receipts:			
Interest and Costs on Taxes	A-2b	\$ 88,374.50	
Nonbudget Revenue	A-2c	67,362.04	
Transfer from Investments	A-5	1,018,696.81	
Petty Cash	A-6	300.00	
Due from State of New Jersey per Ch. 129, P.L. 1976	A-7	38,159.66	
Taxes Receivable	A-8	37,909,973.24	
Revenue Accounts Receivable	A-11	2,554,889.30	
Interfunds Receivable	A-12	317,279.41	
Due to State of New Jersey	A-17	15,132.00	
Tax Overpayments	A-19	6,566.82	
Prepaid Taxes	A-22	127,104.45	
			<u>42,143,838.23</u>
			48,362,496.57
Decreased by Disbursements:			
Budget Appropriations	A-3	12,211,098.26	
Transfer to Investments	A-5	1,000,000.00	
Petty Cash	A-6	300.00	
2018 Appropriation Reserves	A-15	699,538.15	
Interfunds Payable	A-12	735,256.97	
Due to State of New Jersey	A-17	13,876.00	
Revenue Refund	A-1	2,651.75	
Reserve for Tax Appeals	A-23	100,000.00	
Accounts Payable	A-18	5,000.00	
Tax Overpayments	A-19	4,134.24	
County Taxes Payable	A-20	8,791,497.52	
School Taxes Payable	A-21	18,375,747.00	
			<u>41,939,099.89</u>
Balance, December 31, 2019	A		<u><u>\$ 6,423,396.68</u></u>

BOROUGH OF ROSELAND
CURRENT FUND

SCHEDULE OF INVESTMENTS
YEAR ENDED DECEMBER 31, 2019

A-5

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 1,796,072.54
Increased by:			
Transfer from Checking Account	A-4	\$ 1,000,000.00	
Interest Earned	A-11	<u>35,805.89</u>	<u>1,035,805.89</u>
			2,831,878.43
Decreased by:			
Transfer to Checking Account	A-4		<u>1,018,696.81</u>
Balance, December 31, 2019	A		<u><u>\$ 1,813,181.62</u></u>

PETTY CASH
FOR THE YEAR ENDED DECEMBER 31, 2019

A-6

	<u>Ref.</u>		
Increased by:			
Fund Established	A-4		\$ 300.00
Decreased by:			
Fund Returned	A-4		<u>300.00</u>
Balance, December 31, 2019			<u><u>\$ -</u></u>

BOROUGH OF ROSELAND
CURRENT FUND

DUE FROM (TO) STATE OF NEW JERSEY
PER CHAPTER 129, P.L. 1976
YEAR ENDED DECEMBER 31, 2019

A-7

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 1,250.00
Increased by:			.
Deductions per Tax Billings:			
Senior Citizens		\$ 5,000.00	
Veterans		32,250.00	
Plus: Deductions Allowed by Collector			
2019 Veterans	A-8	<u>1,000.00</u>	<u>38,250.00</u>
			<u>39,500.00</u>
Decreased by:			
Deductions Disallowed by Tax			
Collector:			
2018 Senior Citizens Deductions			
Disallowed	A-1	340.34	
2019 Collections	A-4	<u>38,159.66</u>	<u>38,500.00</u>
Balance, December 31, 2019	A		<u><u>\$ 1,000.00</u></u>

BOROUGH OF ROSELAND
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2019

A-8

Year	Balance Dec. 31, 2018	2019 Levy	Added Taxes	Collected		Due From State of New Jersey	Transferred to Tax Title Liens	Canceled	Balance Dec. 31, 2019
				2018	2019				
2018	\$ 308,996.45		\$ 340.34		\$ 307,728.28		\$ 969.22	\$ 639.29	
2019		\$ 38,047,687.72		\$ 129,992.26	37,602,244.96	\$ 38,250.00	25,778.06	1,516.76	\$ 249,905.68
	<u>\$ 308,996.45</u>	<u>\$ 38,047,687.72</u>	<u>\$ 340.34</u>	<u>\$ 129,992.26</u>	<u>\$ 37,909,973.24</u>	<u>\$ 38,250.00</u>	<u>\$ 26,747.28</u>	<u>\$ 2,156.05</u>	<u>\$ 249,905.68</u>
<u>Ref.</u>	A	Below	Reserve	A-2a, 22	A-2a, A-4	A-2a, A-7	A-9	Reserve	A

Analysis of 2019 Property Tax Levy

	<u>Ref.</u>	
Tax Yield:		
General Purpose Tax (Abstract)		\$ 38,046,934.39
Rounding		753.33
		<u>\$ 38,047,687.72</u>
Tax Levy:		
County Tax	A-20	\$ 8,504,928.83
County Open Space	A-20	273,006.40
	A-2a	\$ 8,777,935.23
Local School District Tax (Abstract)	A-21	8,881,520.00
Regional High School District Tax (Abstract)	A-21	9,494,227.00
	A-2a	18,375,747.00
Local Tax for Municipal Purposes:		
Local Taxes	A-2	9,960,290.90
Minimum Library Tax	A-2	598,329.00
Open Space Tax	A-2a, A-12	334,632.26
Rounding		753.33
		<u>10,894,005.49</u>
	Above	<u>\$ 38,047,687.72</u>

BOROUGH OF ROSELAND
CURRENT FUND

TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2019

A-9

	<u>Ref.</u>		
Balance, December 31, 2018	A	\$	123,444.98
Increased by:			
Transfers from Taxes Receivable	A-8	\$	26,747.28
Interest and Cost on Sale	Reserve		<u>218.59</u>
			<u>26,965.87</u>
Balance, December 31, 2019	A	<u>\$</u>	<u>150,410.85</u>

OTHER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2019

A-10

	<u>Ref.</u>		
Balance, December 31, 2018	A	\$	14,660.53
Increased by:			
6% Interest Penalty on Delinquent Taxes	Reserve		<u>12,408.87</u>
			27,069.40
Decreased by:			
Adjustments	Reserve		<u>14,660.53</u>
Balance, December 31, 2019	A	<u>\$</u>	<u>12,408.87</u>

BOROUGH OF ROSELAND
CURRENT FUND

A-11

REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Accrued</u>	<u>Realized</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
<u>Budget Revenue</u>					
Clerk:					
Alcoholic Beverage License	A-2		\$ 5,188.00	\$ 5,188.00	
Other Licenses	A-2b		6,300.00	6,300.00	
Other Fees and Permits	A-2b		4,946.82	4,946.82	
Health Officer:					
Health Licenses	A-2b		14,744.00	14,744.00	
Registrar:					
Other Fees and Permits	A-2b		8,730.00	8,730.00	
Collector-Treasurer:					
Tax Search	A-2b		270.00	270.00	
Other Fees and Permits	A-2b		440.00	440.00	
Administration Fees	A-2b		14,202.76	14,202.76	
Public Works	A-2b		347.00	347.00	
Zoning Board	A-2b		32,513.10	32,513.10	
Recreation:					
Other Fees and Permits	A-2b		1,200.00	1,200.00	
Construction Code Official:					
Building Permits	A-2		243,884.00	243,884.00	
Other Fees and Permits	A-2b		43,850.00	43,850.00	
Fire Prevention Bureau	A-2b		372.00	372.00	
Municipal Court:					
Fines and Costs	A-2	\$ 5,128.71	88,795.14	85,783.21	\$ 8,140.64
State of New Jersey:					
Energy Receipts Tax	A-2		837,731.00	837,731.00	
Cablevision Franchise Fee	A-2		118,093.77	118,093.77	
Interest on Investments	A-2		178,859.49	178,859.49	
Lease Agreement	A-2		129,562.52	129,562.52	
Cell Tower Lease	A-2		79,058.69	79,058.69	
Reserve to Pay Debt	A-2		120,180.09	120,180.09	
Utility Operating Surplus	A-2		785,000.00	785,000.00	
		<u>\$ 5,128.71</u>	<u>\$ 2,714,268.38</u>	<u>\$ 2,711,256.45</u>	<u>\$ 8,140.64</u>
	<u>Ref.</u>	<u>A</u>	<u>Reserve</u>	<u>Below</u>	<u>A</u>
Cash Collections:					
Checking Account	A-4			\$ 2,554,889.30	
Investments	A-5			35,805.89	
Due from General Capital Fund	A-12			120,180.09	
Due from General Trust Fund	A-12			243.75	
Above				<u>\$ 2,711,256.45</u>	

BOROUGH OF ROSELAND
CURRENT FUND

INTERFUNDS RECEIVABLE (PAYABLE)
YEAR ENDED DECEMBER 31, 2019

A-12

		<u>Ref.</u>	<u>Total</u>	<u>General Trust Fund</u>	<u>General Capital Fund</u>	<u>Federal and State Grant Fund</u>	<u>Animal Control Fund</u>	<u>Open Space Trust Fund</u>
Balance, December 31, 2018	From	A	\$ 3,051.03	\$ 102.63			\$ 2,948.40	
	(To)	A	<u>(112,278.54)</u>			<u>\$ (103,335.42)</u>		
Increased by:								
Cash Disbursement:								
Checking		A-4	735,256.97		\$ 367,894.94	32,729.77		\$ 334,632.26
Anticipated Revenue		A-11	<u>120,561.26</u>	<u>243.75</u>	<u>120,180.09</u>		<u>137.42</u>	
			<u>855,818.23</u>	<u>243.75</u>	<u>488,075.03</u>	<u>32,729.77</u>	<u>-</u>	<u>334,632.26</u>
			<u>746,590.72</u>	<u>346.38</u>	<u>488,075.03</u>	<u>(70,605.65)</u>	<u>3,085.82</u>	<u>334,632.26</u>
Decreased by:								
Cash Receipts								
Checking		A-4	317,279.41	324.91	288,075.03	25,931.07	2,948.40	
Appropriations		A-3	201,175.00		200,000.00	1,175.00		
Open Space Tax		A-1	<u>334,632.26</u>					<u>334,632.26</u>
			<u>853,086.67</u>	<u>324.91</u>	<u>488,075.03</u>	<u>27,106.07</u>	<u>2,948.40</u>	<u>334,632.26</u>
Balance, December 31, 2019	From	A	<u>\$ 158.89</u>	<u>\$ 21.47</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137.42</u>	<u>\$ -</u>
	(To)	A	<u>\$ (97,711.72)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (97,711.72)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Net Credit to Operations</u>		<u>Ref.</u>						
Balance, December 31, 2018	Above		\$ 3,051.03					
Balance, December 31, 2019	Above		<u>158.89</u>					
Net Credit		A-1	<u>\$ 2,892.14</u>					

See Independent Auditors' Report

BOROUGH OF ROSELAND
CURRENT FUND

INTERFUNDS RECEIVABLE
FEDERAL/STATE GRANT FUND
YEAR ENDED DECEMBER 31, 2019

A-13

	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>
Balance, December 31, 2018	A	\$ 103,335.42	\$ 103,335.42
Increased by:			
Cash Receipts in Current Fund:			
Grant Receivables	A-14	14,225.88	14,225.88
Grant Match	A-25	1,175.00	1,175.00
Unappropriated Reserves	A-26	11,705.19	11,705.19
		<u>27,106.07</u>	<u>27,106.07</u>
		<u>130,441.49</u>	<u>130,441.49</u>
Decreased by:			
Expenditures Paid in Current Fund	A-25	<u>32,729.77</u>	<u>32,729.77</u>
		<u>32,729.77</u>	<u>32,729.77</u>
Balance, December 31, 2019	A	<u>\$ 97,711.72</u>	<u>\$ 97,711.72</u>

BOROUGH OF ROSELAND
CURRENT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2019

A-14

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Anticipated</u> <u>Revenue</u>	<u>Realized</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Body Armor Replacement Fund		\$ 2,865.97	\$ 2,865.97	
National Crime Statistics		20,000.00		\$ 20,000.00
Municipal Alliance on Alcoholism and Drug Abuse	\$ 4,700.00	4,700.00	4,233.93	5,166.07
Recycling Tonnage Grant		7,125.98	7,125.98	
	<u>\$ 4,700.00</u>	<u>\$ 34,691.95</u>	<u>\$ 14,225.88</u>	<u>\$ 25,166.07</u>
<u>Ref.</u>	A	A-2	A-13	A

BOROUGH OF ROSELAND
CURRENT FUND

2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019

A-15
Sheet 1

	Balance, Dec. 31, 2018		Balance After Transfer	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
<u>Salaries and Wages</u>					
Administrative and Executive	\$ 3,770.82		\$ 3,770.82	\$ 1,787.81	\$ 1,983.01
Office of Borough Clerk	2,263.61		2,263.61	352.11	1,911.50
Financial Administration	1,115.66		1,115.66		1,115.66
Collection of Taxes	1,045.64		1,045.64		1,045.64
Assessment of Taxes	790.03		790.03		790.03
Legal Services and Costs	1,526.95		1,526.95	1,525.57	1.38
Planning Board	141.78		141.78		141.78
Board of Adjustment	0.29		0.29		0.29
Land Use Administration	7,508.61		7,508.61	915.69	6,592.92
Construction Code Official	3,686.28		3,686.28	863.88	2,822.40
Police	84,683.65		101,863.65	101,854.70	8.95
Emergency Management	153.82		153.82		153.82
Fire Prevention Bureau	908.00		908.00	904.68	3.32
Prosecutor	66.03		66.03		66.03
Road Repairs and Maintenance	16,503.19		9,249.16	5,535.23	3,713.93
Shade Tree Commission	0.66		0.66		0.66
Building and Grounds	38,998.21		38,998.21	6,143.59	32,854.62
Vehicle Maintenance	4,468.96		4,468.96	481.28	3,987.68
Public Recreation Program	14,845.68		14,845.68	725.90	14,119.78
Municipal Court	3,872.82		3,872.82	725.90	3,146.92
Public Defender	210.97		210.97		210.97
<u>Other Expenses</u>					
Administrative and Executive	3,932.70	\$ 2,824.66	6,757.36	1,268.91	5,488.45
Office of Borough Clerk	3,234.33	12,400.82	15,635.15	7,085.72	8,549.43
Financial Administration	790.00		790.00		790.00
Audit Services	3,700.00	26,300.00	30,000.00	26,300.00	3,700.00
Computer Data Service	8,797.73	1,698.76	10,496.49	1,856.70	8,639.79
Collection of Taxes	1,958.81	100.00	2,058.81		2,058.81
Assessment of Taxes	6,019.83	7,092.20	13,112.03	767.20	12,344.83
Legal Services and Costs	16,357.75	108,117.73	110,117.73	37,488.79	72,628.94
Engineering Services and Costs	15,095.75	17,414.75	32,510.50	6,572.00	25,938.50
Historic Preservation Commission	1,200.00		1,200.00		1,200.00
Planning Board	2,459.89	30,533.33	32,993.22	1,721.25	31,271.97
Board of Adjustment	6,201.14	1,984.22	8,185.36	598.96	7,586.40
Affordable Housing	4,378.00	8,573.59	12,951.59	1,709.75	11,241.84
Land Use Administration	728.00	3,240.00	3,968.00		3,968.00
Construction Code	16,065.68	60.00	16,125.68	17.39	16,108.29
Insurance - Employee Group	24,275.66	61,481.68	85,757.34	22,269.00	63,488.34
Unemployment Compensation	941.46		941.46	121.11	820.35
Police	12,619.79	89,894.32	102,514.11	84,460.27	18,053.84
Police Dispatch/911	3,611.00	1,252.80	4,863.80	657.28	4,206.52
Emergency Management Services	66.96	1,761.00	1,827.96	1,761.00	66.96
Fire	10,549.15	23,336.19	33,885.34	16,695.35	17,189.99
Fire Prevention Bureau	1,961.77		1,961.77		1,961.77
Prosecutor	164.00	318.00	482.00	318.00	164.00

BOROUGH OF ROSELAND
CURRENT FUND

2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019

A-15
Sheet 2

	Balance, Dec. 31, 2018		Balance After Transfer	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Road Repairs and Maintenance	\$ 6,159.15	\$ 13,428.96	\$ 19,588.11	\$ 13,145.63	\$ 6,442.48
Storm Clearance		5,267.94	5,267.94	3,673.19	1,594.75
Shade Tree Commission	3,787.03	3,500.00	7,287.03	1,215.00	6,072.03
Solid Waste Collection	9,171.67	199,648.80	208,820.47	169,478.22	39,342.25
Public Building and Grounds	21,262.58	66,367.26	87,629.84	53,482.09	34,147.75
Vehicle Maintenance	6,381.69	27,007.74	33,389.43	7,504.73	25,884.70
Condominium Service Act	44,000.00		44,000.00	26,875.94	17,124.06
Board of Health	2,620.72		2,620.72		2,620.72
Municipal Youth Guidance	1,135.99	185.00	1,320.99	134.20	1,186.79
Environmental Commission	507.44	192.56	700.00	192.56	507.44
Dog Regulation	3,000.00		3,000.00		3,000.00
Contribution to:					
Social Service Agencies	2,050.00		2,050.00		2,050.00
Public Recreation Program	4,561.50	4,940.47	9,501.97	8,304.95	1,197.02
Camp Wyanokie		1,903.00	1,903.00	1,903.00	
Celebration of Public Events	1,000.00		1,000.00		1,000.00
Beautification Committee	3,466.08	746.25	4,212.33	879.62	3,332.71
Citizen Notifications	3,141.95	1,500.50	4,642.45	1,000.00	3,642.45
Senior Citizens' Advisory Committee	762.88	622.48	1,385.36	622.48	762.88
Utilities:					
Electricity		83,142.65	83,142.65	21,292.05	61,850.60
Street Lighting		62,291.42	62,291.42	33,055.10	29,236.32
Telephone and Telegraph	33.07	2,227.27	6,692.12	6,692.12	-
Heating		46,691.67	46,691.67	12,377.39	34,314.28
Fuel Oil	1,500.00		1,500.00		1,500.00
Gasoline	8,257.03	17,625.35	25,882.38	5,833.57	20,048.81
Public Employees Retirement	26,823.00		26,823.00		26,823.00
Social Security	3,280.98		3,280.98	3,236.39	44.59
DCRP	1,104.82		1,104.82		1,104.82
Interlocal Agreements:					
Health Services	0.44		0.44		0.44
Animal Control		2,874.87	2,874.87	2,874.87	
Senior Citizen Transportation	3.50		3.50		3.50
Municipal Court	2,754.78	5,158.96	7,913.74	2,280.03	5,633.71
Public Defender	500.00		500.00		500.00
	<u>\$ 488,937.36</u>	<u>\$ 943,707.20</u>	<u>\$ 1,432,644.56</u>	<u>\$ 709,538.15</u>	<u>\$ 723,106.41</u>

Ref A A
\$ 1,432,644.56

Ref

Cash Disbursements
Transferred to Accounts Payable

A-4 \$ 699,538.15
A-18 10,000.00
Above \$ 709,538.15

BOROUGH OF ROSELAND
CURRENT FUND

DEFERRED CHARGES
SPECIAL EMERGENCY APPROPRIATION
YEAR ENDED DECEMBER 31, 2019

A-16

Ref.

Increased by:

Emergency Appropriation (40A:4-53)

A-3

\$ 124,970.00

Balance, December 31, 2019

A

\$ 124,970.00

BOROUGH OF ROSELAND
CURRENT FUND

DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2019

A-17

	<u>Ref.</u>	<u>Current Fund</u>			<u>Federal and State Grant Fund</u>
		<u>Total</u>	<u>Marriage License Fees</u>	<u>State Training Fees</u>	
Balance, December 31, 2018	A	\$ 5,708.00	\$ 350.00	\$ 5,358.00	\$ 40,953.96
Increased by:					
Collections	A-4	15,132.00	700.00	14,432.00	
		<u>20,840.00</u>	<u>1,050.00</u>	<u>19,790.00</u>	<u>40,953.96</u>
Decreased by:					
Adjustment	A-25	40,953.96			40,953.96
Payments	A-4	<u>13,876.00</u>	<u>700.00</u>	<u>13,176.00</u>	
Balance, December 31, 2019	A	<u>\$ 6,964.00</u>	<u>\$ 350.00</u>	<u>\$ 6,614.00</u>	<u>\$ -</u>

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2019

A-18

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 161,737.50
Increased by:			
Transferred from Appropriation Reserves	A-15		<u>10,000.00</u>
			<u>171,737.50</u>
Decreased by:			
Cash Disbursements	A-4	\$ 5,000.00	
Cancelled	A-1	<u>3,900.00</u>	
			<u>8,900.00</u>
Balance, December 31, 2019	A		<u>\$ 162,837.50</u>

BOROUGH OF ROSELAND
CURRENT FUND

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2019

A-19

	<u>Ref.</u>		
Increased by:			
Collections	A-4	\$ 6,566.82	
Reserve for Tax Appeals	A-23	<u>278,411.12</u>	<u>\$ 284,977.94</u>
Decreased by:			
Refunded	A-4	4,134.24	
Applied to Prepaid Taxes	A-22	<u>328.44</u>	<u>4,462.68</u>
Balance, December 31, 2019	A		<u><u>\$ 280,515.26</u></u>

COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2019

A-20

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 13,562.29
Increased by:			
2019 Levy:			
General County	A-1,2a,8	\$ 8,504,928.83	
Open Space Preservation	A-1,2a,8	<u>273,006.40</u>	<u>8,777,935.23</u>
			8,791,497.52
Decreased by:			
Payments	A-4		<u>8,791,497.52</u>
Balance, December 31, 2019			<u><u>\$ -</u></u>

BOROUGH OF ROSELAND
CURRENT FUND

SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2019

A-21

	<u>Ref.</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional High School District</u>
Increased by:				
2019 Levy	A-1,A-2a,A-8	\$ 18,375,747.00	\$ 8,881,520.00	\$ 9,494,227.00
Decreased by:				
Payments	A-4	<u>18,375,747.00</u>	<u>8,881,520.00</u>	<u>9,494,227.00</u>
Balance, December 31, 2019	A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF ROSELAND
CURRENT FUND

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2019

A-22

	<u>Ref.</u>		
Balance, December 31, 2018	A	\$	129,992.26
Increased by:			
Cash Collections	A-4	\$	127,104.45
Overpayment	A-19		<u>328.44</u>
			<u>127,432.89</u>
			257,425.15
Decreased by:			
Applied to Taxes Receivable	A-8		<u>129,992.26</u>
Balance, December 31, 2019	A	\$	<u><u>127,432.89</u></u>

RESERVE FOR TAX APPEALS
YEAR ENDED DECEMBER 31, 2019

A-23

	<u>Ref.</u>		
Balance, December 31, 2018	A	\$	1,566,925.07
Increased by:			
Transferred from Appropriation	A-3		<u>500,000.00</u>
			2,066,925.07
Decreased by:			
Cash Disbursed	A-4	\$	100,000.00
Overpayments	A-19		<u>278,411.12</u>
			<u>378,411.12</u>
Balance, December 31, 2019	A	\$	<u><u>1,688,513.95</u></u>

BOROUGH OF ROSELAND
FEDERAL AND STATE GRANT FUND

DUE TO ESSEX COUNTY
YEAR ENDED DECEMBER 31, 2019

A-24

Ref.

Balance, December 31, 2018 and 2019

A

\$ 2,467.42

BOROUGH OF ROSELAND
CURRENT FUND

RESERVE FOR GRANT APPROPRIATED
YEAR ENDED DECEMBER 31, 2019

A-25

<u>Grant Title</u>	<u>Balance Dec. 31, 2018</u>	<u>2019 Budget</u>	<u>Expended</u>	<u>Adjustement</u>	<u>Balance Dec. 31, 2019</u>
Alcohol Education and Rehabilitation Aid	\$ 5.72				\$ 5.72
Body Armor Replacement Fund - 2018	779.67	\$ 2,865.97	\$ 3,632.52		13.12
Clean Communities Program:					
Prior Years				\$ 40,953.96	40,953.96
2011	236.30		236.30		
2012	2,311.48		2,311.48		
2014	9,276.28		7,337.22		1,939.06
2015	8,463.54		3,851.75		4,611.79
2016	9,676.50				9,676.50
2017	10,959.92				10,959.92
2018	10,488.47				10,488.47
Drunk Driving Enforcement Fund	1,279.52		889.40		390.12
National Crime Statistic Exchange Grant		20,000.00			20,000.00
Environmental Sustainable Jersey	171.26				171.26
2015 Essex County Open Space	1,000.00		1,000.00		
Municipal Alliance on Alcoholism and Drug Abuse -FY 2018	4,801.34		4,360.12		441.22
Municipal Alliance on Alcoholism and Drug Abuse -FY 2019		5,875.00	1,985.00		3,890.00
Recycling Tonnage Grant	1,350.00	7,125.98	7,125.98		1,350.00
Williams Transco Pipe Line	3,382.34				3,382.34
Livingston Elks Recreation	431.70				431.70
	<u>\$ 64,614.04</u>	<u>\$ 35,866.95</u>	<u>\$ 32,729.77</u>	<u>\$ 40,953.96</u>	<u>\$ 108,705.18</u>

<u>Ref.</u>	A	Below	A-13	A-17	A
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Budget Appropriation	A-3	\$ 34,691.95
Local Match	A-13	<u>1,175.00</u>
		<u>\$ 35,866.95</u>

BOROUGH OF ROSELAND
CURRENT FUND

RESERVE FOR UNAPPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2019

A-26

	<u>Ref.</u>	
Increased by:		
Due from Current Fund	A-13	<u>\$ 11,705.19</u>
Balance, December 31, 2019	A	<u>\$ 11,705.19</u>
<u>Analysis of Balance</u>		
Clean Communities		<u>\$ 11,705.19</u>

BOROUGH OF ROSELAND
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2019

B-1

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Affordable Housing Trust Fund</u>	<u>General Trust Fund</u>
Balance, December 31, 2018	B	\$ 8,754.40	\$ 254,406.45	\$ 746,526.52
Increased by Receipts:				
Due to State of New Jersey:				
Dog License Fees	B-6	\$ 408.00		
2019 Dog License Fees	B-9	2,464.00		
2019 Cat License Fees	B-9	156.00		
Late Fees	B-9	110.00		
Recreation Fund Collections	B-10			\$ 175,202.00
Unemployment	B-7			17,410.69
Special Deposits	B-13			282,294.35
Coah Fees	B-14		\$ 6,491.00	
COAH Interest	B-14		5,185.58	
		<u>3,138.00</u>	<u>11,676.58</u>	<u>474,907.04</u>
		<u>11,892.40</u>	<u>266,083.03</u>	<u>1,221,433.56</u>
Decreased by Disbursements:				
Interfunds	B-5	2,948.40		
Due to State of New Jersey:				
Dog License Fees	B-6	409.20		
State Unemployment Insurance Fund	B-7			632.30
Expenditures under N.J.S.A. 40A:4-39	B-9	1,657.58		
Recreation Fund Expenditures	B-10			129,210.45
Special Deposits	B-13			263,426.57
		<u>5,015.18</u>		<u>393,269.32</u>
Balance, December 31. 2019	B	<u>\$ 6,877.22</u>	<u>\$ 266,083.03</u>	<u>\$ 828,164.24</u>

BOROUGH OF ROSELAND
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
DEVELOPER'S ESCROW ACCOUNT
YEAR ENDED DECEMBER 31, 2019

B-2

	<u>Ref.</u>	<u>General Trust Fund</u>	
Balance, December 31, 2018	B		\$ 183,196.59
Increased by Receipts:			
Accrued Interest	B-5	\$ 236.17	
Reserve for Developer's Escrow	B-12	<u>73,964.82</u>	
			<u>74,200.99</u>
			257,397.58
Decreased by Disbursements:			
Due to Current Fund	B-5	235.82	
Reserve for Developer's Escrow	B-12	<u>83,085.53</u>	
			<u>83,321.35</u>
Balance, December 31, 2019	B		<u><u>\$ 174,076.23</u></u>

BOROUGH OF ROSELAND
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
MONEY MARKET ACCOUNTS
YEAR ENDED DECEMBER 31, 2019

B-3

	<u>Ref.</u>	<u>General Trust Fund</u>	
Balance, December 31, 2018	B		\$ 32,535.48
Increased by Receipts:			
Interest Earned:			
Unemployment Insurance	B-7	\$ 145.31	
Community Development	B-5	7.58	
Special Deposits	B-13	<u>179.56</u>	<u>332.45</u>
			32,867.93
Decreased by:			
Due to Current Fund	B-5		<u>89.09</u>
Balance, December 31, 2019	B		<u><u>\$ 32,778.84</u></u>

OPEN SPACE FUND
YEAR ENDED DECEMBER 31, 2019

B-4

	<u>Ref.</u>		
Balance, December 31, 2018	B		\$ 2,565,541.85
Increased by:			
Due from Current Fund	B-5	\$ 334,632.26	
Interest Earned	B-11	<u>49,631.31</u>	<u>384,263.57</u>
			2,949,805.42
Decreased by:			
Payments	B-11		<u>431,501.11</u>
Balance, December 31, 2019	B		<u><u>\$ 2,518,304.31</u></u>

BOROUGH OF ROSELAND
TRUST FUND

INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2019

B-5

	Ref.	General Trust Fund		Open Space Trust Fund	Animal Fund
		<u>Total</u>	<u>Current Fund</u>	<u>Current Fund</u>	<u>Current Fund</u>
Balance, December 31, 2018: (Due To)	B	\$ (3,051.03)	\$ (102.63)		\$ (2,948.40)
Increased by:					
Cash Disbursements					
Trust Fund	B-1	2,948.40			2,948.40
Developer's Escrow Account	B-2	235.82	235.82		
Investment Account	B-3	89.09	89.09		
Open Space Program - Tax Levy	B-11	334,632.26		\$ 334,632.26	
		<u>337,905.57</u>	<u>324.91</u>	<u>334,632.26</u>	<u>2,948.40</u>
		<u>334,854.54</u>	<u>222.28</u>	<u>334,632.26</u>	<u>-</u>
Decreased by:					
Investment Account	B-4	334,632.26		334,632.26	
Statutory Excess Fees	B-9	137.42			137.42
Developer's Escrow Account	B-2	236.17	236.17		
Community Development	B-3	7.58	7.58		
		<u>335,013.43</u>	<u>243.75</u>	<u>334,632.26</u>	<u>137.42</u>
Balance, December 31, 2019: (Due To)	B	\$ (158.89)	\$ (21.47)	\$ -	\$ (137.42)

BOROUGH OF ROSELAND
TRUST FUND

DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2019

B-6

	<u>Ref.</u>		
Increased by:			
Collections:			
2019 Dog License Fees	B-1	\$ 408.00	
Reserve for Expenditure	B-9	<u>1.20</u>	<u>\$ 409.20</u>
Decreased by:			
Payments	B-1		<u>409.20</u>
Balance, December 31, 2019	B		<u><u>\$ -</u></u>

STATE UNEMPLOYMENT COMPENSATION INSURANCE FUND
YEAR ENDED DECEMBER 31, 2019

B-7

	<u>Ref.</u>		
Balance, December 31, 2018	B		\$ 24,147.60
Increased by:			
Interest on:			
Money Market Account	B-3	\$ 145.31	
Payroll Deductions	B-1	<u>17,410.69</u>	
			<u>17,556.00</u>
			41,703.60
Decreased by:			
Cash Disbursements	B-1		<u>632.30</u>
Balance, December 31, 2019	B		<u><u>\$ 41,071.30</u></u>

BOROUGH OF ROSELAND
TRUST FUND

DUE FROM ESSEX COUNTY
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2019

B-8

	<u>Ref.</u>	
Increased by:		
Grant Award	B-15	\$ 25,000.00
Balance, December 31, 2019	B	<u>\$ 25,000.00</u>

RESERVE FOR ANIMAL CONTROL EXPENDITURES
YEAR ENDED DECEMBER 31, 2019

B-9

	<u>Ref.</u>		
Balance, December 31, 2018	B		\$ 5,806.00
Increased by:			
Dog License Fees	B-1	\$ 2,464.00	
Cat License Fees	B-1	156.00	
Late Fees	B-1	<u>110.00</u>	
			<u>2,730.00</u>
			8,536.00
Decreased by:			
Expenditures Under N.J.S.A.			
40A: 4-39	B-1	1,657.58	
Statutory Excess Due to Current Fund	B-5	137.42	
Due to State of NJ	B-6	<u>1.20</u>	
			<u>1,796.20</u>
Balance, December 31, 2019	B		<u>\$ 6,739.80</u>

Ref.

Reserve for Animal Control
License Fees Collected:

<u>Year</u>	
CY 2017	\$ 2,729.20
CY 2018	<u>4,010.60</u>
	<u>\$ 6,739.80</u>

Note: R.S. 4:19.11

" there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

BOROUGH OF ROSELAND
TRUST FUND

RESERVE FOR RECREATION EXPENDITURES B-10
YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>		
Balance, December 31, 2018	B	\$	169,544.07
Increased by:			
Collections	B-1		175,202.00
			<u>344,746.07</u>
Decreased by:			
Payments	B-1		129,210.45
			<u>129,210.45</u>
Balance, December 31, 2019	B	\$	<u><u>215,535.62</u></u>

RESERVE FOR OPEN SPACE PROGRAM
YEAR ENDED DECEMBER 31, 2019 B-11

	<u>Ref.</u>			
Balance, December 31, 2018	B	\$		2,565,541.85
Increased by:				
Interest Earned	B-4	\$	49,631.31	
2019 Tax Levy	B-5		<u>334,632.26</u>	384,263.57
				<u>2,949,805.42</u>
Decreased by:				
Payments	B-4			431,501.11
				<u>431,501.11</u>
Balance, December 31, 2019	B	\$		<u><u>2,518,304.31</u></u>

BOROUGH OF ROSELAND
TRUST FUND

DEVELOPERS' ESCROW
YEAR ENDED DECEMBER 31, 2019

B-12

<u>Account</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Maintenance and Performance				
Bonds	\$ 23,973.46	\$ 25,533.80	\$ 1,500.00	\$ 48,007.26
Inspection Fees	75,730.47	19,143.19	46,124.98	48,748.68
Site Plan Fees	48,282.97	22,074.75	27,766.74	42,590.98
Subdivision Fees	7,305.77	3,659.09	4,456.31	6,508.55
Street Opening Escrow		500.00		500.00
Zoninf Variance	482.00	3,000.00	2,720.00	762.00
Other	27,431.19	53.99	517.50	26,967.68
	<u>\$ 183,205.86</u>	<u>\$ 73,964.82</u>	<u>\$ 83,085.53</u>	<u>\$ 174,085.15</u>
<u>Ref.</u>	B	B-2	B-2	B

BOROUGH OF ROSELAND
TRUST FUND

SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2019

B-13

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Police Side Jobs	\$ 47,611.23	\$ 99,856.00	\$ 88,127.32	\$ 59,339.91
Premium Tax Sale	59,100.00	66,800.00	59,100.00	66,800.00
Uniform Allowance		1,500.00		1,500.00
Youth Week/Municipal Youth Council	5,725.52			5,725.52
Summer Concert Seriew		13,700.00	5,397.52	8,302.48
Celebration of Public Events	18,187.47			18,187.47
Emergency Management	3,302.00		3,300.00	2.00
Police Donations	9,509.43	2,050.00	7,675.38	3,884.05
Bucco Settlements	30,500.00			30,500.00
Donations to Environmental Comm	62.41			62.41
Senior Advisory Board	402.75			402.75
Accumulated Absences	365,406.21			365,406.21
Parking Offense Adjudication Act	4,614.58	62.00		4,676.58
Public Defender	-	500.00	500.00	
Strom Recovery	20,561.97			20,561.97
Lien Redemption	53.94	97,826.35	97,826.35	53.94
Security Deposit	13,333.34			13,333.34
9/11 Scholarship Fund	5,512.56	179.56	1,500.00	4,192.12
	<u>\$ 583,883.41</u>	<u>\$ 282,473.91</u>	<u>\$ 263,426.57</u>	<u>\$ 602,930.75</u>

Ref. B Below Below B

Ref.

Checking Account - Regular Account	B-1	\$ 282,294.35	\$ 263,426.57
Money Market Account	B-3	179.56	
	Above	<u>\$ 282,473.91</u>	<u>\$ 263,426.57</u>

BOROUGH OF ROSELAND
TRUST FUND

RESERVE FOR AFFORDABLE HOUSING EXPENDITURES
YEAR ENDED DECEMBER 31, 2019

B-14

	<u>Ref.</u>		
Balance, December 31, 2018	B		\$ 254,406.45
Increased by:			
COAH Developer Fee:			
Residential	B-1	\$ 6,491.00	
Interest	B-1	<u>5,185.58</u>	
			<u>11,676.58</u>
Balance, December 31, 2019	B		<u><u>\$ 266,083.03</u></u>

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT EXPENDITURES
YEAR ENDED DECEMBER 31, 2019

B-15

	<u>Ref.</u>		
Balance, December 31, 2018	B		\$ 293.36
Increased by:			
Grant Award	B-8		<u>25,000.00</u>
Balance, December 31, 2019	B		<u><u>\$ 25,293.36</u></u>

BOROUGH OF ROSELAND
TRUST FUND

RESERVE FOR COAH INTERVENOR EXPENDITURES
YEAR ENDED DECEMBER 31, 2019

B-16

Ref.

Balance, December 31, 2018 and 2019

B

\$ 1,081.66

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS - CHECKING ACCOUNT C-2
YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>		
Balance, December 31, 2018	C		\$ 2,182,611.41
Increased by Receipts:			
Due From Current Fund	C-5	\$ 367,894.94	
Reserve to Pay Debt	C-11	73,077.39	
Bond Anticipation Notes	C-15	<u>5,745,597.00</u>	
			<u>6,186,569.33</u>
			8,369,180.74
Decreased by Disbursements:			
Improvement Authorizations	C-14	291,977.30	
Bond Anticipation Notes	C-15	<u>5,745,597.00</u>	
			<u>6,037,574.30</u>
Balance, December 31, 2019	C		<u><u>\$ 2,331,606.44</u></u>

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2019

C-3

	Balance Dec. 31, 2018	Receipts Other	Disbursements		Transfers		Balance Dec. 31, 2019
			Improvement Authorizations	Other	From	To	
<u>General Improvement Authorizations</u>							
Ordinance:							
15-89	\$ 43,500.00						\$ 43,500.00
12-03/5-04	67,175.72	\$ 614,418.00	\$ 17,608.64	\$ 614,418.00			49,567.08
2-11	1,511.00						1,511.00
10-11	1,239.42	374,777.00	656.84	374,777.00			582.58
9-12	43,290.34						43,290.34
10-12		339,550.00		339,550.00			
11-12	33,234.39						33,234.39
5-13	12,669.15		7,700.40				4,968.75
9-13	59,111.43		87.97		\$ 59,023.46		
6-14/8-15	1,938.93		1,368.63		570.30		
7-14	601,717.99	2,343,000.00	3,948.25	2,343,000.00	577,000.00		20,769.74
8-14	12,339.14	408,950.00	1,184.32	408,950.00			11,154.82
12-14	4,084.83	430,540.00	920.41	430,540.00			3,164.42
10-15	611.97	82,362.00	464.49	82,362.00			147.48
11-15	216.24		245.56				(29.32)
10-16	67,174.64		65,524.59		1,650.05		
11-16	112.16		112.16				
12-16	373.09				373.09		
15-16	3,214.32		905.25				2,309.07
17-16	70,265.67		1,741.71		111,290.12		(42,766.16)
5-17	20,816.45		1,667.59				19,148.86
6-17	113,793.37	122,000.00	264.55	122,000.00			113,528.82
8-17	3,662.39	841,000.00	4,845.50	841,000.00			(1,183.11)
13-17	27,287.95						27,287.95
16-17	6,870.18				6,870.18		
7-18	314,346.95		14,918.25				299,428.70
8-18	191,474.05	189,000.00	157,007.12	189,000.00			34,466.93
09-19			6,841.95			\$ 150,000.00	143,158.05
14-19			648.96			76,000.00	75,351.04
16-19			664.77			32,000.00	31,335.23
17-19			670.89			154,000.00	153,329.11
18-19			677.52			14,500.00	13,822.48
22-19			651.00			63,000.00	62,349.00
27-19			649.98			78,000.00	77,350.02
<u>Other Accounts</u>							
Due to/from Current Fund		367,894.94			488,075.03	120,180.09	
Due From State of NJ DOT	(776,935.90)					275,365.15	(501,570.75)
Capital Improvement Fund	882,945.19				443,500.00	206,870.18	646,315.37
Premium on Sale of Notes		73,077.39			73,077.39		
Reserve for State Grant Receivable	114,250.00						114,250.00
Reserve to Pay Debt	120,180.09				120,180.09	711,694.29	711,694.29
Reserve - Regional Contribution Agreement	25,500.00						25,500.00
Fund Balance	114,640.26						114,640.26
	<u>\$ 2,182,611.41</u>	<u>\$ 6,186,569.33</u>	<u>\$ 291,977.30</u>	<u>\$ 5,745,597.00</u>	<u>\$ 1,881,609.71</u>	<u>\$ 1,881,609.71</u>	<u>\$ 2,331,606.44</u>
Ref.	C	C-2	C-2	C-2			C

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

GENERAL SERIAL BONDS
YEAR ENDED DECEMBER 31, 2019

C-4

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2019</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>	<u>Bonds Redeemed</u>	<u>Balance Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Tax Appeals	8/15/2015	\$ 5,570,000.00	11/15/20-23	\$ 555,000.00	3.00%	<u>\$ 2,775,000.00</u>	<u>\$ 555,000.00</u>	<u>\$ 2,220,000.00</u>
					<u>Ref.</u>	C	C-9	C

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

DUE TO CURRENT FUND
YEAR ENDED DECEMBER 31, 2019

C-5

	<u>Ref.</u>		
Increased by:			
DOT Receivable	C-7	\$ 288,075.03	
Budget Appropriation			
Capital Improvement Fund	C-8	<u>200,000.00</u>	<u>\$ 488,075.03</u>
Decreased by:			
Cash Receipts:			
Reserve to Pay Debt	C-11	120,180.09	
Cash Settlement	C-2	<u>367,894.94</u>	
			<u>488,075.03</u>
Balance, December 31, 2019			<u><u>\$ -</u></u>

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

DUE FROM ESSEX COUNTY IMPROVEMENT AUTHORITY
YEAR ENDED DECEMBER 31, 2019

C-6

Ref.

Increased by:

Fire Equipment Lease Issued

C-12

\$ 268,000.00

Balance, December 31, 2019

C

\$ 268,000.00

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

DUE FROM STATE OF NEW JERSEY TRANSPORTATION TRUST FUND
YEAR ENDED DECEMBER 31, 2019

C-7

	<u>Ref.</u>		
Balance, December 31, 2018	C		\$ 776,935.90
Increased by:			
Grant Award	C-14		124,000.00
			<u>900,935.90</u>
Decreased by:			
Cancellations	C-14	\$ 111,290.12	
Due From Current Fund	C-5	<u>288,075.03</u>	<u>399,365.15</u>
Balance, December 31, 2019	C		<u><u>\$ 501,570.75</u></u>

Analysis of Balance

Transportation Trust Fund:

Locust Avenue	\$ 165,000.00
Monroe Avenue	58,000.00
Cedar and Beech Tree	56,250.00
Roosevelt Street	98,320.75
Conver Avenue	<u>124,000.00</u>
Balance, December 31, 2019	<u><u>\$ 501,570.75</u></u>

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2019

C-8

	<u>Ref.</u>		
Balance, December 31, 2018	C		\$ 882,945.19
Increased by:			
2019 Budget Appropriation	C-5	\$ 200,000.00	
Cancellation of Ordinance	C-14	<u>6,870.18</u>	
			<u>206,870.18</u>
			1,089,815.37
Decreased by:			
Appropriation to Finance Improvement			
Authorizations	C-14		<u>443,500.00</u>
Balance, December 31, 2019	C		<u><u>\$ 646,315.37</u></u>

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2019

	<u>Ref.</u>	<u>C-9</u>
Balance, December 31, 2018	C	\$ 2,775,000.00
Decreased by:		
Payment of Bond Principal	C-4	<u>555,000.00</u>
Balance, December 31, 2019	C	<u><u>\$ 2,220,000.00</u></u>

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

RESERVE FOR STATE GRANT RECEIVABLE
YEAR ENDED DECEMBER 31, 2019

C-10

	<u>Ref.</u>	
Balance, December 31, 2018 and 2019	C	<u>\$ 114,250.00</u>

RESERVE TO PAY DEBT
YEAR ENDED DECEMBER 31, 2019

C-11

	<u>Ref.</u>		
Balance, December 31, 2018	C		\$ 120,180.09
Increase by:			
Improvement Authorizations	C-14	\$ 638,616.90	
Premium on Sale of Notes	C-2	<u>73,077.39</u>	<u>711,694.29</u>
			831,874.38
Decreased by:			
Due to Current Fund	C-5		<u>120,180.09</u>
Balance, December 31, 2019	C		<u>\$ 711,694.29</u>

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

RESERVE FOR ECIA-FIRE EQUIPMENT LEASE PROGRAM
YEAR ENDED DECEMBER 31, 2019

C-12

Ref.

Increase by:

ECIA Receivable

C-6

\$ 268,000.00

Balance, December 31, 2019

C

\$ 268,000.00

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2019

C-13

<u>Improvement</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2018</u>	<u>2019 Authorizations</u>	<u>2019 Decreased</u>	<u>Notes Paid By Budget Appropriation</u>	<u>Balance Dec. 31, 2019</u>	Analysis of Balance Dec. 31, 2019		
							<u>Bond Anticipation Notes</u>	<u>Expended</u>	<u>Unexpended Improvement Authorizations</u>
Improvement Municipal Building	12-03.5-04	\$ 711,720.00			\$ 37,302.00	\$ 674,418.00	\$ 614,418.00		\$ 60,000.00
Various Improvements	10-15.5-12	454,370.00			79,593.00	374,777.00	374,777.00		
Fire Pumper Truck	10-12	358,550.00			19,000.00	339,550.00	339,550.00		
Narrow Band Communication System	15-12	173,066.00			173,066.00				
2013 Road Program	9-13	64,830.00		\$ 18,080.00	46,750.00				
Improvements to Monroe Avenue	6-14.8-15	58,000.00		28,000.00	30,000.00				
Acquisition of Fernwood Property	7-14	2,713,500.00			370,500.00	2,343,000.00	2,343,000.00		
Acquisition of Rail Road Property	8-14	475,000.00			11,500.00	463,500.00	408,950.00		54,550.00
Construction of Salt Shed	12-14	441,870.00			11,330.00	430,540.00	430,540.00		
Roof Replacement Fire Department	10-15	91,000.00			8,638.00	82,362.00	82,362.00		
Acquisition of Pick Up Truck	11-15	1,000.00		970.68		29.32		\$ 29.32	
Acquisition of Equipment	10-16	57,000.00			57,000.00				
Improvements to White Oak Road	11-16	46,000.00			46,000.00				
Public Works Vehicles	12-16	7,250.00		7,250.00					
Recreation Facility	15-16	62,700.00				62,700.00			62,700.00
Becker Farm Road	17-16	224,210.00		181,000.00		43,210.00		42,766.16	443.84
2017 Road Program	6-17	203,000.00				203,000.00	122,000.00		81,000.00
Fire Truck and Related Equipment	8-17	883,200.00				883,200.00	841,000.00	1,183.11	41,016.89
2018 Road Improvements	8-18	200,000.00				200,000.00	189,000.00		11,000.00
Harrison Avenue Playground	9-19		\$ 500,000.00			500,000.00			500,000.00
Various Roads	18-19		275,500.00			275,500.00			275,500.00
		<u>\$ 7,226,266.00</u>	<u>\$ 775,500.00</u>	<u>\$ 235,300.68</u>	<u>\$ 890,679.00</u>	<u>\$ 6,875,786.32</u>	<u>\$ 5,745,597.00</u>	<u>\$ 43,978.59</u>	<u>\$ 1,086,210.73</u>
Ref.		C	C-14	C-14	C-15	C	C-15	C-14	C-14

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2019

C-14

Ordinance Number	Improvement Description	Balance Dec. 31, 2018		2019 Authorizations	Expended	Canceled	Balance Dec. 31, 2019	
		Funded	Unfunded				Funded	Unfunded
	<u>General Improvements</u>							
15-89	Regional Contribution Agreement - City of Newark	\$ 43,500.00					\$ 43,500.00	
12-03, 5-04	Improvements - Municipal Building		\$ 127,175.72		\$ 17,608.64			\$ 109,567.08
2-11	Improvements to Free Public Library	1,511.00					1,511.00	
10-11/5-12	Various Improvements		1,239.42		656.84			582.58
9-12	Stream Embankment Stability	43,290.34					43,290.34	
11-12	School Path Bridge	33,234.39					33,234.39	
5-13	Turn Out Gear		12,669.15		7,700.40			4,968.75
9-13	2013 Road Program		77,191.43		87.97	\$ 77,103.46		
6-14/8-15	Improvements to Monroe Avenue		29,938.93		1,368.63	28,570.30		-
7-14	Acquisition of Fernwood Avenue		601,717.99		3,948.25	577,000.00		20,769.74
8-14	Acquisition of Rail Road Property		66,889.14		1,184.32			65,704.82
12-14	Construction of Salt Shed		4,084.83		920.41			3,164.42
10-15	Replacement of Roof Fire Department		611.97		464.49			147.48
11-15	Acquisition of Pick Up Truck		1,216.24		245.56	970.68		
10-16	Acquisition of Equipment		67,174.64		65,524.59	1,650.05		
11-16	Improvements to White Oak Road		112.16		112.16			
12-16/19-17	Public Works Vehicles		7,623.09			7,623.09		
15-16	Recreational Facility	3,214.32	62,700.00		905.25		2,309.07	62,700.00
17-16	Becker Farm Road	70,265.67	224,210.00		1,741.71	292,290.12		443.84
5-17	Improvements to Locust Avenue	20,816.45			1,667.59		19,148.86	
6-17/18-17	2017 Road Projects		194,793.37		264.55			194,528.82
8-17	Fire Truck and Related Equipment		45,862.39		4,845.50			41,016.89
13-17	Overhead Doors	27,287.95					27,287.95	
16-17	Police Equipment	6,870.18				6,870.18		
07-18	Roosevelt Street	314,346.95			14,918.25		299,428.70	
08-18	2018 Road Project	2,474.05	200,000.00		157,007.12			45,466.93
09-19	Harrison Avenue Park			\$ 650,000.00	6,841.95		143,158.05	500,000.00
14-19	Various Equipment Admin			76,000.00	648.96		75,351.04	
16-19	Equipment DPW			32,000.00	664.77		31,335.23	
17-19	Conover Avenue			154,000.00	670.89		153,329.11	
18-19	Various Roads			290,000.00	677.52		13,822.48	275,500.00
22-19	Police Plate Readers			63,000.00	651.00		62,349.00	
27-19	Police Equipment			78,000.00	649.98		77,350.02	
		<u>\$ 566,811.30</u>	<u>\$ 1,725,210.47</u>	<u>\$ 1,343,000.00</u>	<u>\$ 291,977.30</u>	<u>\$ 992,077.88</u>	<u>\$ 1,026,405.24</u>	<u>\$ 1,324,561.35</u>
	<u>Ref</u>	C	C	Below	Below	Below	C	C
			<u>Ref</u>					
	Improvements Authorization		C-2		\$ 291,977.30			
	Reserve to Pay Debt		C-11			\$ 638,616.90		
	Grant Receivable		C-7	\$ 124,000.00		111,290.12		
	Capital Improvement Fund		C-8	443,500.00		6,870.18		
	Deferred Charges to Future Taxation - Unfunded Debt Authorized		C-13, C-16	775,500.00		235,300.68		
			Above	<u>\$ 1,343,000.00</u>	<u>\$ 291,977.30</u>	<u>\$ 992,077.88</u>		
				-	-	-		

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2019

C-15 pg. 1

<u>Ordinance Number</u>	<u>Improvement Authorization</u>	<u>Original Issue</u>	<u>Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2019</u>
12-03, 5-04	Improvement Municipal Building	7/31/13	5/3/19	5/1/20	3.00%	\$ 651,720.00	\$ 614,418.00	\$ 651,720.00	\$ 614,418.00
10-11, 5-12	Various Improvements	7/31/13	5/3/19	5/1/20	3.00%	454,370.00	374,777.00	454,370.00	374,777.00
10-12	Fire Pumper	7/31/13	5/3/19	5/1/20	3.00%	358,550.00	339,550.00	358,550.00	339,550.00
15-12	Narrow Band Communication	7/31/13	5/3/19	5/1/20	3.00%	173,066.00		173,066.00	
7-14	Acquisition Ferwood Property	5/13/15	5/3/19	5/1/20	3.00%	2,713,500.00	2,343,000.00	2,713,500.00	2,343,000.00
9-13	Various Road Improvements	12/15/15	5/3/19	5/1/20	3.00%	46,750.00		46,750.00	
12-14	Construction Salt Shed	12/15/15	5/3/19	5/1/20	3.00%	441,870.00	430,540.00	441,870.00	430,540.00
8-14	Acquisition of Rail Road Property	12/15/16	5/3/19	5/1/20	3.00%	414,450.00	408,950.00	414,450.00	408,950.00
11-16	Improvementnts to White Oak Drive	12/15/16	5/3/19	5/1/20	3.00%	46,000.00		46,000.00	
6-14, 8-15	Improvements to Monroe Avenue	12/15/16	5/3/19	5/1/20	3.00%	30,000.00		30,000.00	
10-15	Replacement Roof Fire Dept	12/15/16	5/3/19	5/1/20	3.00%	91,000.00	82,362.00	91,000.00	82,362.00
6-17	Reconstruction of Roads	5/7/18	5/3/19	5/1/20	3.00%	122,000.00	122,000.00	122,000.00	122,000.00
8-17	Fire Truck and Equipment.	5/7/18	5/3/19	5/1/20	3.00%	525,000.00	525,000.00	525,000.00	525,000.00
8-14	Acquisition of Rail Road Property	12/13/18	5/3/19	5/1/20	3.00%	6,000.00		6,000.00	
10-16	Acquisition of Equipment	12/13/18	5/3/19	5/1/20	3.00%	57,000.00		57,000.00	
8-17	Fire Truck and Equipment	12/13/18	5/3/19	5/1/20	3.00%	316,000.00	316,000.00	316,000.00	316,000.00

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2019

C-15 pg. 2

<u>Ordinance Number</u>	<u>Improvement Authorization</u>	<u>Original Issue</u>	<u>Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2019</u>
8-18	2018 Road Project	12/13/18	5/3/19	5/1/20	3.00%	<u>\$ 189,000.00</u>	<u>\$ 189,000.00</u>	<u>\$ 189,000.00</u>	<u>\$ 189,000.00</u>
						<u>\$ 6,636,276.00</u>	<u>\$ 5,745,597.00</u>	<u>\$ 6,636,276.00</u>	<u>\$ 5,745,597.00</u>
					<u>Ref.</u>	C	C-2	Below	C
						<u>Ref</u>			
						Cash Disbursed	C-2	\$ 5,745,597.00	
						Paid by Budget Appropriation	C-13	890,679.00	
								<u>\$ 6,636,276.00</u>	

BOROUGH OF ROSELAND
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2019

C-16

<u>Ordinance No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2018</u>	<u>Authorizations</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2019</u>
12-03, 5-04	Improvement Municipal Building	\$ 60,000.00			\$ 60,000.00
9-13	2013 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	54,550.00			54,550.00
11-15	Acquisition of Pick Up Truck	1,000.00		970.68	29.32
12-16	Public Works Vehicles and Related Equipment	7,250.00		7,250.00	
15-16	Improvements to Borough Parks and Recreational Facilities	62,700.00			62,700.00
17-16	Becker Farm Road	224,210.00		181,000.00	43,210.00
6-17	2017 Road Project	81,000.00			81,000.00
8-17	Fire Truck and Related Equipment	42,200.00			42,200.00
8-18	2018 Road Project	11,000.00			11,000.00
9-19	Harrison Playground		\$ 500,000.00		500,000.00
18-19	Various Roads		275,500.00		275,500.00
		<u>\$ 589,990.00</u>	<u>\$ 775,500.00</u>	<u>\$ 235,300.68</u>	<u>\$ 1,130,189.32</u>
<u>Ref.</u>		C	C-13, C-14	C-13, C-14	C

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

STATEMENT OF WATER UTILITY CASH
YEAR ENDED DECEMBER 31, 2019

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2018	D	\$ 690,994.81	\$ 741,416.98
Increased by Receipts:			
Interest Earned	D-3	\$ 24,730.82	
Miscellaneous Revenue	D-3	25,301.43	
Investment Fund Withdrawals	D-6	400,000.00	
Water/Sewer Rents Receivable	D-8	2,535,592.05	
Water/Sewer Prepaid Rents	D-15	1,773.27	
Water/Sewer Overpayments	D-16	19,689.69	
Due from Water/Sewer Operating	D-14		\$ 52,000.00
Water Capital Fund Balance	D-2		5,616.00
Bond Anticipation Notes Issued	D-22		2,112,200.00
		<u>3,007,087.26</u>	<u>2,169,816.00</u>
		3,698,082.07	2,911,232.98
Decreased by Disbursements:			
Budget Appropriations	D-4	1,807,191.05	
2018 Appropriation Reserves	D-12	530,273.13	
Accounts Payable	D-13	2,897.00	
Accrued Interest on Notes	D-20	5,706.25	
Water/Sewer Overpayment	D-16	645.91	
Anticipated Revenue Current Fund	D-1	785,000.00	
Due to Utility Capital Fund	D-14	52,000.00	
Improvement Authorizations	D-21		1,313,846.45
Bond Anticipation Notes Redeemed	D-22		495,000.00
		<u>3,183,713.34</u>	<u>1,808,846.45</u>
Balance, December 31, 2019	D	<u><u>\$ 514,368.73</u></u>	<u><u>\$ 1,102,386.53</u></u>

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

CASH RECEIPTS AND DISBURSEMENTS
INVESTMENTS
YEAR ENDED DECEMBER 31, 2019

D-6

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 2,620,724.39
Increased by:		
Interest Earned	D-3	<u>34,754.05</u>
		2,655,478.44
Decreased by:		
Transfers to Checking Account	D-5	<u>400,000.00</u>
Balance, December 31, 2019	D	<u><u>\$ 2,255,478.44</u></u>

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

ANALYSIS OF WATER/SEWER CAPITAL CASH
YEAR ENDED DECEMBER 31, 2019

D-7

	Balance Dec. 31, 2018	Receipts	Disbursements	Balance Dec. 31, 2019
<u>Improvement Authorizations</u>				
Ordinance Number:				
01-11	\$ 39,864.32			\$ 39,864.32
11-11/15-18	528,131.15	\$ 1,421,600.00	\$ 1,071,126.13	878,605.02
9-18	52,379.50			52,379.50
7-19		690,600.00	737,720.32	(47,120.32)
<u>Other Accounts</u>				
Fund Balance	97,184.21	5,616.00		102,800.21
Capital Improvement Fund	23,857.80	52,000.00		75,857.80
	<u>\$ 741,416.98</u>	<u>\$ 2,169,816.00</u>	<u>\$ 1,808,846.45</u>	<u>\$ 1,102,386.53</u>
<u>Ref.</u>	D	D-5	D-5	D

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

WATER/SEWER RENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2019

D-8

	<u>Ref.</u>		
Balance, December 31, 2018	D	\$	138,968.21
Increased by:			
Water/Sewer Rents Levied - Net	Reserve		2,607,178.58
			<u>2,746,146.79</u>
Decreased by:			
Collections	D-5	\$	2,535,592.05
Overpayment Applied	D-16		32,381.07
Prepayment Applied	D-15		<u>2,366.77</u>
			<u>2,570,339.89</u>
Balance, December 31, 2019	D	\$	<u><u>175,806.90</u></u>

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

INVENTORY
YEAR ENDED DECEMBER 31, 2019

D-9

Operating Fund

Ref.

Balance, December 31, 2018	D	\$ 62,883.85
Increased by:		
Net Change in Inventory	Reserve	<u>9,213.50</u>
Balance, December 31, 2019	D	<u><u>\$ 72,097.35</u></u>

FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2019

D-10

Ref.

Balance, December 31, 2018 and 2019	D	<u><u>\$ 9,238,409.18</u></u>
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BOROUGH OF ROSELAND
WATER/SEWER UTILITY

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2019

D-11

<u>Improvement Description</u>	<u>Number</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2018</u>	<u>2019 Authorization</u>	<u>Balance Dec. 31, 2019</u>
Gas Alarm Detector Pump Stations	1-11	2/15/2016	\$ 40,000.00	\$ 40,000.00		\$ 40,000.00
Various Improvements	11-11	9/20/2016	1,129,400.00	1,129,400.00		1,129,400.00
Various Improvements	11-11/15-18	11/13/2018	1,000,000.00	1,000,000.00		1,000,000.00
Utility Truck	9-2018	7/24/2018	53,000.00	53,000.00		53,000.00
Various Improvements	7-19	4/23/2019	1,038,600.00		\$ 1,038,600.00	1,038,600.00
				<u>\$ 2,222,400.00</u>	<u>\$ 1,038,600.00</u>	<u>\$ 3,261,000.00</u>
				<u>Ref.</u>		
				D	D-21	D

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

2018 APPROPRIATION RESERVES
DECEMBER 31, 2019

D-12

	<u>Balance, Dec. 31 2018</u>		<u>Balance After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Reserved</u>	<u>Encumbered</u>	<u>Transfer</u>	<u>Charged</u>	<u>Lapsed</u>
<u>Operating</u>					
Salaries and Wages	\$ 206,005.59		\$ 206,005.59	\$ 6,873.25	\$ 199,132.34
Other Expenses	434,017.60	612,809.31	1,046,826.91	529,636.13	517,190.78
User Fee Operations	331,531.85	203.38	331,735.23		331,735.23
<u>Statutory Expenditures</u>					
Contribution to:					
Social Security System (OASI)	2,158.60		2,158.60	496.80	1,661.80
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	390.14		390.14	6.95	383.19
	<u>\$ 974,103.78</u>	<u>\$ 613,012.69</u>	<u>\$ 1,587,116.47</u>	<u>\$ 537,013.13</u>	<u>\$ 1,050,103.34</u>
<u>Ref.</u>	D	D		Below	D-1
			<u>Ref.</u>		
Cash Disbursements			D-5	\$ 530,273.13	
Transfer to Accounts Payable			D-13	6,740.00	
				<u>\$ 537,013.13</u>	

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2019

D-13

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 12,300.95
Increased by:		
Transferred from 2018 Appropriation Reserves	D-12	6,740.00
		<u>19,040.95</u>
Decreased by:		
Cash Disbursed	D-5	2,897.00
		<u>2,897.00</u>
Balance, December 31, 2019	D	<u>\$ 16,143.95</u>

DUE TO WATER SEWER CAPITAL
YEAR ENDED DECEMBER 31, 2019

D-14

	<u>Ref.</u>	
Increased by:		
Budget Appropriation	D-4	\$ 52,000.00
		<u>52,000.00</u>
Decreased by:		
Cash Disbursed	D-5	52,000.00
		<u>52,000.00</u>
Balance, December 31, 2019		<u>\$ -</u>

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

PREPAYMENT OF WATER/SEWER RENTS
YEAR ENDED DECEMBER 31, 2019

D-15

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 2,366.77
Increased by:		
Cash Receipts	D-5	1,773.27
		<u>4,140.04</u>
Decreased by:		
Prepayments Applied	D-8	2,366.77
		<u>2,366.77</u>
Balance, December 31, 2019	D	<u>\$ 1,773.27</u>

WATER/SEWER OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2019

D-16

	<u>Ref.</u>		
Balance, December 31, 2018	D		\$ 54,859.03
Increased by:			
Cash Receipts	D-5		19,689.69
			<u>74,548.72</u>
Decreased by:			
Cash Disbursed	D-5	\$ 645.91	
Overpayments Applied	D-8	<u>32,381.07</u>	<u>33,026.98</u>
Balance, December 31, 2019	D		<u>\$ 41,521.74</u>

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2019

D-17

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 9,238,409.28
Increased by:		
Budget Appropriations:		
Payment of Bond Anticipation Notes	D-22	<u>55,000.00</u>
Balance, December 31, 2019	D	<u><u>\$ 9,293,409.28</u></u>

DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2019

D-18

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date</u>	<u>Balance Dec. 31, 2018</u>	<u>Balance Dec. 31, 2019</u>
Gas Alarm System	1-11	2/15/2016	40,000.00	40,000.00
Various Improvements	11-11	9/20/2016	103,850.00	103,850.00
Utility Truck	9-18	7/24/2018	<u>53,000.00</u>	<u>53,000.00</u>
			<u><u>\$ 196,850.00</u></u>	<u><u>\$ 196,850.00</u></u>
		<u>Ref.</u>	D	D

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2019

D-19

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ 23,857.80
Increased by:		
Budget Appropriation	D-4, 14	<u>52,000.00</u>
Balance, December 31, 2019	D	<u><u>\$ 75,857.80</u></u>

ACCRUED INTEREST ON NOTES
YEAR ENDED DECEMBER 31, 2019

D-20

	<u>Ref.</u>	
Increased by:		
Budget Appropriation	D-4	<u>\$ 22,000.00</u> 22,000.00
Decreased by:		
Payments	D-5	<u>5,706.25</u>
Balance, December 31, 2019	D	<u><u>\$ 16,293.75</u></u>

Notes Outstanding December 31, 2019	Interest Rate	From	To	Period	Amount
\$ 495,000.00	3.00%	5/1/2019	12/31/2019	8 months	\$ 9,900.00
1,617,200.00	2.00%	8/15/2019	12/31/2019	4.5 months	12,129.00
<u>\$ 2,112,200.00</u>					<u>\$ 22,029.00</u>
Amount to be raised in subsequent years' budget					(5,735.25)
Above					<u><u>\$ 16,293.75</u></u>

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2019

D-21

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2018</u>		<u>2019 Authorization</u>	<u>Expended</u>	<u>Balance Dec. 31, 2019</u>	
				<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
Gas Alarm Detector System Pump Stations	1-11	2/15/2016	\$ 40,000.00	\$ 39,864.32				\$ 39,864.32	
Various Improvements	11-11	9/20/2016	1,129,400.00		\$ 1,003,681.15		\$ 576,126.13		\$ 427,555.02
Various Improvements	11-11/15-18	11/13/2018	1,000,000.00		1,000,000.00				1,000,000.00
Utility Truck	9-18	9/1/2018	53,000.00	52,379.50				52,379.50	
Various Improvements	7-19	7/1/2019	1,038,600.00			\$ 1,038,600.00	737,720.32		300,879.68
				<u>\$ 92,243.82</u>	<u>\$ 2,003,681.15</u>	<u>\$ 1,038,600.00</u>	<u>\$ 1,313,846.45</u>	<u>\$ 92,243.82</u>	<u>\$ 1,728,434.70</u>
			<u>Ref.</u>	D	D	D-11	D-5	D	D

See Independent Auditors' Report

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2019

D-22

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>	<u>Notes Issued</u>	<u>Notes Paid</u>	<u>Balance Dec. 31, 2019</u>
Various Improvements	11-11/ 15-18	5/7/2018	5/1/2020	3.000%	\$ 550,000.00	\$ 495,000.00	\$ 550,000.00	\$ 495,000.00
Various Improvements	11-11/ 15-18	8/15/2019	5/1/2020	2.000%		926,600.00		926,600.00
Various Improvements	7-19	8/15/2019	5/1/2020	2.000%		690,600.00		690,600.00
					\$ 550,000.00	\$ 2,112,200.00	\$ 550,000.00	\$ 2,112,200.00
				<u>Ref.</u>	D	D-5	Below	D
						<u>Ref.</u>		
				Renewals		D-5	\$ 495,000.00	
				Paid by Budget Appropriation		D-17	55,000.00	
						Above	\$ 550,000.00	

BOROUGH OF ROSELAND
WATER/SEWER UTILITY

BOND AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2019

D-23

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date</u>	<u>Debt Authorized</u>	<u>Balance Dec. 31, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2019</u>
Various Improvements	11-11	9/20/2016	\$ 1,025,550.00	\$ 475,549.90			\$ 475,549.90
Various Improvements	11-11/15-18	11/13/2018	1,000,000.00	1,000,000.00		\$ 926,600.00	73,400.00
Various Improvements	7-19	4/23/2019	1,038,600.00		\$ 1,038,600.00	690,600.00	348,000.00
				<u>\$ 1,475,549.90</u>	<u>\$ 1,038,600.00</u>	<u>\$ 1,617,200.00</u>	<u>\$ 896,949.90</u>
			<u>Ref.</u>	D	D-11	D-22	D

**BOROUGH OF ROSELAND
ESSEX COUNTY, NEW JERSEY**

**PART III
ROSTER OF OFFICIALS
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2019**

BOROUGH OF ROSELAND
OFFICIALS IN OFFICE AND SURETY BONDS
DECEMBER 31, 2019

MAYOR

James R. Spango

BOROUGH COUNCIL

Christopher J. Bardi, Council President

Eileen Fishman

Roger Freda

David Jacobs

Jean Perrotti

Michele Tolli

BOROUGH ADMINISTRATOR

Maureen Chumacas

DIRECTOR OF FINANCE

Maureen Chumacas

BOROUGH CLERK

Jock H. Watkins

BOROUGH ATTORNEY

Joni Noble McDonnell

BOROUGH OF ROSELAND GENERAL COMMENTS

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

N.J.S.A. 40A:11-4, as amended, states “Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c), except by contract or agreement.”

It is pointed out that the Borough Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Borough Attorney should be sought before a commitment is made.

The bidding threshold for the period under audit is \$40,000.00 in accordance with the provisions of N.J.S.A. 40A:11-3c based on the appointment of a qualified purchasing agent.

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states, “Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds fifteen percent of the bid threshold or \$6,000.00, at least two quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder.”

Reference is made to the Local Public Contract Guidelines and Local Public Contract Regulations promulgated by the New Jersey Division of Local Government Services in the Department of Community Affairs.

Pension Eligibility

The State of New Jersey enacted legislation under Ch. 92 P.L. 2007 and codified under N.J.S.A. 43:15A-7.2 and 43:15c-2b(4). The law establishes that individuals performing professional services 1) under a contract awarded pursuant to N.J.S.A 40A:11.5 and 1 or 2 under an independent contract as determined in accordance with rules and policy of the IRS are eligible for membership in the State's Pension System - PERS. There were no “grandfathering” provisions under N.J.S.A. 43:15A-7.2. The municipalities were required to remove them from the pension roles.

It appears there are no individuals who are enrolled in PERS who do not meet the requirements under the statutes.

Collection of Interest on Delinquent Taxes and Other Municipal Charges

N.J.S.A. 54:4-47, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body adopted the following resolution in January 2019 authorizing interest to be charged on delinquent taxes, assessments and utility bills:

“WHEREAS, R.S. 54:4-66 regulates the due dates for the payment of taxes and assessments, and

WHEREAS, Chapter 105, P.L. 1965, amending R.S. 54:4-67 authorizes the municipalities to provide a grace period not exceeding ten (10) days.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Roseland that the Collector is hereby authorized to allow a period of ten (10) days grace from the installment due date before charging interest; after ten (10) days, interest reverts back to the due date, and

BE IT FURTHER RESOLVED that the rate of interest to be charged for the payment of taxes or assessments or sewer and water utility bills, when they become delinquent, shall be at the rate of eight percent (8%) per annum on the first \$1,500.00 of the delinquency, and eighteen percent (18%) per annum in the excess of \$1,500.00 and an additional penalty of six percent (6%) on any delinquency in excess of \$10,000.00 for the prior year.

Tests of the Tax Collector's records indicate that interest was collected in accordance with the provisions of the foregoing ordinance.

Delinquent Taxes and Tax Title Liens

The Borough held a tax sale during 2019. Amounts not included in this sale were for amounts in litigation.

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

<u>Year</u>	<u>Number of Liens</u>
2019	7
2018	7
2017	5

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary. No exceptions were noted.

Purchase Order System and Encumbrance System

The Borough's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

Cybersecurity

As part of its overall risk management, the Borough reviews security measures in place relating to its Information Technology (IT), including the use of specialized assessments. With the ever increasing challenges relating to cybersecurity, each organization determines what particular assessment or combination of assessments best fits its information security strategy. We suggest management continue to assess risks related to cybersecurity along with utilization of specialized assessments, which would also include a periodic reporting mechanism to those charged with governance.

Corrective Action Plan

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A Corrective Action Plan was prepared for the 2018 audit.

Status of Prior Years' Audits Recommendations

The recommendations noted in the prior year audit was corrected and not repeated in 2019.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on the basis of a statistical sampling of claims approved and paid. Not attempt was made in this connection to establish proof of prices or receipts of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from employees' individual gross salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittance to authorized agencies of the amounts deducted were ascertained.

The totals of outstanding checks shown in the Cash Reconciliations appearing herein are in agreement with the records in the Office of the Borough Treasurer as well as with independent verifications made part of this examination.

A copy of this report was filed with the State of New Jersey, Director of the Division of Local Government Services, Department of Community Affairs.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

RECOMMENDATIONS

None

We shall be pleased to confer with the Mayor and Borough Council on questions that might arise with respect to any matters in this report.

We would like to express our appreciation for the assistance and effort rendered by the Borough officials and employees during the course of the examination.

Respectfully submitted,

PKF O'Connor Davies, LLP

September 23, 2020
Cranford, New Jersey

David J. Gannon

David J. Gannon, CPA
Registered Municipal Accountant, No. 520