

Report of Audit

on the

Financial Statements

of the

Borough of Roselle

in the

County of Union
New Jersey

for the

Year Ended
December 31, 2016

BOROUGH OF ROSELLE

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BOROUGH OF ROSELLE

PART I

INDEPENDENT AUDITOR'S REPORT ON
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2016 AND 2015



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Roselle
County of Union
Roselle, New Jersey 07203

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Roselle, as of December 31, 2016 and 2015, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's regulatory 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 regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 of Roselle'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 of Roselle'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 regulatory financial statements.

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Roselle on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Roselle as of December 31, 2016, or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2016, the regulatory basis statement of operations and changes in fund balance for the year then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Roselle's regulatory financial statements. The information included in the supplementary information and schedule of expenditures of federal awards and schedule of expenditures of state financial assistance and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed and the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are fairly stated, in all material respects, in relation to the regulatory 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 August 31, 2017 on our consideration of the Borough of Roselle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Roselle's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 419

August 31, 2017

CURRENT FUND

BOROUGH OF ROSELLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>ASSETS</u>			
Cash	A-4	\$ 6,730,883.74	\$ 5,758,675.16
Change Fund	A-5	400.00	400.00
Due From State of New Jersey-Senior Citizens and Veterans Deductions	A-13	500.00	3,000.00
		<u>\$ 6,731,783.74</u>	<u>\$ 5,762,075.16</u>
Receivable and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 1,993,780.64	\$ 2,315,026.25
Tax Title Liens Receivable	A-9	576,687.47	490,948.40
Property Acquired for Taxes-Assessed Valuation	A-10	2,027,232.00	1,425,700.00
Revenue Accounts Receivable	A-11	29,856.80	32,690.46
Interfunds Receivable	A-16	128,549.19	4,116.05
Prepaid School Taxes	A-23	430,151.00	
	A	<u>\$ 5,186,257.10</u>	<u>\$ 4,268,481.16</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-25	\$	\$ 19,947.91
Special Emergency 40A:4-53 (Hurricane Sandy)	A-25		175,616.10
Special Emergency 40A:4-53 (Tax Map)	A-25	42,500.00	85,000.00
		<u>\$ 42,500.00</u>	<u>\$ 280,564.01</u>
Grant Fund:			
Cash	A-4	\$ 249,524.57	\$ 47,910.71
Due Current Fund	A-19		74,249.66
Federal and State Grants Receivable	A-7	999,802.73	1,338,505.43
		<u>\$ 1,249,327.30</u>	<u>\$ 1,460,665.80</u>
		<u>\$ 13,209,868.14</u>	<u>\$ 11,771,786.13</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-17	\$ 2,070,691.14	\$ 1,852,083.77
Encumbrances Payable	A-24	295,564.06	520,042.73
Prepaid Taxes	A-21	251,647.31	182,221.43
Tax Overpayments	A-6	135,257.88	168,592.65
Roselle Public Library Payable	A-15		44,000.00
Due State of New Jersey	A-27	248,717.95	248,717.95
Reserve for Tax Map and Revision and Recodification of Ordinances	A-29	159,362.50	159,362.50
Due State of New Jersey - Marriage Licenses	A-20	2,759.00	2,730.00
Due State of New Jersey - DCA Fees	A-28	7,385.00	2,051.00
Reserve for Municipal Assets	A-12	95,000.00	95,000.00
School Taxes Payable	A-23		246,388.00
Interfunds Payable	A-16	117,795.02	108,199.42
County Taxes Payable	A-22	8,295.97	5,822.78
		<u>\$ 3,392,475.83</u>	<u>\$ 3,635,212.23</u>
Reserve for Receivables and Other Assets	A	5,186,257.10	4,268,481.16
Fund Balance	A-1	<u>3,381,807.91</u>	<u>2,407,426.94</u>
		<u>\$ 11,960,540.84</u>	<u>\$ 10,311,120.33</u>
Grant Fund:			
Due General Capital Fund	A-30	\$ 347,000.00	\$ 347,000.00
Due Current Fund	A-19	74,313.19	
Encumbrances Payable	A-26	13,102.50	300.00
Federal and State Grants Appropriated	A-14	814,575.98	1,068,626.98
Federal and State Grants Unappropriated	A-18	335.63	44,738.82
		<u>\$ 1,249,327.30</u>	<u>\$ 1,460,665.80</u>
		<u>\$ 13,209,868.14</u>	<u>\$ 11,771,786.13</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2016</u>	<u>YEAR ENDED DECEMBER 31, 2015</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,500,000.00	\$ 563,915.00
Miscellaneous Revenue Anticipated	A-2	6,182,558.89	6,501,693.04
Receipts from Delinquent Taxes	A-2	2,304,848.76	2,469,540.94
Receipts from Current Taxes	A-2	60,325,920.24	59,603,557.30
Non-Budget Revenue	A-2	571,193.50	285,154.65
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-17	1,624,699.45	1,408,055.70
Canceled Federal and State Grants			20,308.45
Tax Overpayments Canceled	A-5	94,196.48	
Canceled Library			29,574.79
<u>TOTAL INCOME</u>		<u>\$ 72,603,417.32</u>	<u>\$ 70,881,799.87</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:	A-3	\$ 28,087,766.87	\$ 27,284,158.97
Deferred Charges and Statutory Expenditures	A-3	3,743,947.91	3,651,571.78
Excluded From "CAPS"			
Other Operations	A-3	4,261,813.54	4,311,437.00
Capital Improvement Fund		300,000.00	201,200.00
Municipal Debt Service	A-3	1,638,245.24	1,499,819.08
Deferred Charges	A-3	131,707.82	134,126.03
Judgments	A-3	25,000.00	
County Taxes	A-22	7,179,779.11	7,174,966.62
Due County for Added and Omitted Taxes	A-22	8,295.97	5,822.78
Local District School Tax	A-23	23,673,188.00	23,907,576.00
Senior Citizens and Veterans Deduction Adjustment			170,564.87
Refund Prior Year Revenue	A-4	337,140.02	706,112.28
Interfunds Advanced		124,433.14	1,378.86
Federal and State Grants Receivable Cancelled	A-7	187,567.73	
Prepaid School Taxes		430,151.00	
<u>TOTAL EXPENDITURES</u>		<u>\$ 70,129,036.35</u>	<u>\$ 69,048,734.27</u>
Excess in Revenue		\$ 2,474,380.97	\$ 1,833,065.60
Adjustments to Income Before Surplus:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			19,947.91
Statutory Excess to Fund Balance		\$ 2,474,380.97	\$ 1,853,013.51
<u>Fund Balance</u>			
Balance, January 1	A	2,407,426.94	1,118,328.43
		\$ 4,881,807.91	\$ 2,971,341.94
Decreased by:			
Utilized as Anticipated Revenue		1,500,000.00	563,915.00
Balance, December 31	A	<u>\$ 3,381,807.91</u>	<u>\$ 2,407,426.94</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	ANTICIPATED BUDGET	SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 1,500,000.00		\$ 1,500,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	\$ 10,000.00	\$	\$ 11,582.00	\$ 1,582.00
Other	12,000.00		8,341.55	(3,658.45)
Fees and Permits	240,000.00		76,532.69	(163,467.31)
Fines and Costs:				
Municipal Court	340,000.00		436,767.31	96,767.31
Interest and Costs on Taxes	426,000.00		565,526.80	139,526.80
Parking Meters	10,000.00		34,110.67	24,110.67
Interest on Investments and Deposits	12,000.00		17,697.48	5,697.48
Suburban Cable Franchise Tax	224,000.00		235,159.05	11,159.05
Consolidated Municipal Property Tax Relief Act	388,589.00		388,589.00	
Energy Receipts Tax	2,053,392.00		2,053,392.00	
Uniform Construction Code Fees	850,000.00		1,384,832.38	534,832.38
Recreation Fees	10,000.00		33,300.00	23,300.00
Recycling Tonnage Grant	44,737.56		44,737.56	
Clean Communities		40,507.53	40,507.53	
Municipal Alliance	18,868.00		18,868.00	
SAMSHA		125,000.00	125,000.00	
Summer Food		48,294.39	48,294.39	
Drive Sober or Get Pulled Over		10,000.00	10,000.00	
Body Armor Grant		5,071.32	5,071.32	
Click it or Ticket		5,000.00	5,000.00	
Union County Means Grant		1,250.00	1,250.00	
Alcohol Education Rehabilitation Fund		1,510.79	1,510.79	
R.O.I.D.		15,000.00	15,000.00	
Safe and Secure Communities		60,000.00	60,000.00	
Federal Bulletproof Vest Partnership		3,487.50	3,487.50	
Greening Union County		4,000.00	4,000.00	
Cell Tower	26,000.00		56,608.55	30,608.55
Uniform Fire Safety Act	27,000.00		25,309.37	(1,690.63)
Ambulance Revenue	245,000.00		297,130.90	52,130.90
P.I.L.O.T.	200,000.00		174,952.05	(25,047.95)
	\$ 5,137,586.56	\$ 319,121.53	\$ 6,182,558.89	\$ 725,850.80
Receipts From Delinquent Taxes	\$ 2,443,430.00	\$	\$ 2,304,848.76	\$ (138,581.24)
Property Tax for Support of Municipal Budget				
Local Tax for Municipal Purposes	\$ 31,177,843.61	\$	\$ 31,821,987.73	\$ 644,144.12
Minimum Library Tax	443,669.43		443,669.43	
	\$ 31,621,513.04	\$	\$ 32,265,657.16	\$ 644,144.12
<u>Budget Totals</u>	\$ 40,702,529.60	\$ 319,121.53	\$ 42,253,064.81	\$ 1,231,413.68
Non-Budget Revenue			571,193.50	571,193.50
	\$ 40,702,529.60	\$ 319,121.53	\$ 42,824,258.31	\$ 2,121,728.71

A-3

A-3

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Collection on a Cash Basis	A-1:A-8	\$ 60,325,920.24
Allocated to:		
School and County Taxes		<u>30,861,263.08</u>
Support of Municipal Budget Appropriations		\$ 29,464,657.16
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>2,801,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>32,265,657.16</u>
Receipts From Delinquent Taxes:		
Delinquent Tax Collections	A-8	\$ <u>2,304,848.76</u>
	A-2	<u>2,304,848.76</u>
Licenses-Other:		
Borough Clerk	A-11	\$ 4,238.55
Board of Health	A-11	1,178.00
Vital Statistics	A-11	\$ <u>2,925.00</u>
	A-2	\$ <u>8,341.55</u>
Fees and Permits - Other:		
Borough Clerk	A-11	\$ 4,702.51
Police	A-11	7,574.00
Fire	A-11	14,183.00
Board of Health	A-11	15,301.05
Vital Statistics	A-11	564.00
Public Works	A-11	17,002.13
Planning/Zoning	A-11	<u>17,206.00</u>
	A-2	\$ <u>76,532.69</u>
PILOT Revenue	A-11	\$ 184,160.05
Less: Refunds	A-4	<u>9,208.00</u>
	A-2	\$ <u>174,952.05</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

REF.

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Miscellaneous	\$ 25,114.17
Insurance Refund	17,170.97
Senior Citizens and Veterans Administrative Fee	2,032.90
Police Outside Overtime Administrative Fees	54,784.84
Public Works	78,259.59
Tax Collector	7,164.02
Reimbursement of Prior Year Costs	206,446.96
Restitution	6,327.00
Prior Year void checks	37,599.62
FEMA	76,293.43
Rose Homes	<u>60,000.00</u>
A-2:A-4	\$ <u>571,193.50</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 234,000.00	\$ 234,000.00	\$ 218,578.00	\$ 15,422.00	\$:
Other Expenses	500,000.00	500,000.00	335,648.84	164,351.16	
Municipal Clerk:					
Salaries and Wages	222,000.00	222,000.00	191,206.58	30,793.42	
Other Expenses	105,000.00	115,000.00	83,661.54	31,338.46	
Mayor and Council:					
Salaries and Wages	110,100.00	110,100.00	110,001.32	98.68	
Other Expenses	75,000.00	75,000.00	40,378.06	34,621.94	
Human Resources:					
Other Expenses	90,000.00	30,000.00	19,648.62	10,351.38	
Financial Administration (Treasury):					
Salaries and Wages	315,000.00	315,000.00	311,114.26	3,885.74	
Other Expenses	175,000.00	215,000.00	199,486.08	15,513.92	
Annual Audit	90,000.00	90,000.00	87,600.00	2,400.00	
Tax Assessment Administration:					
Salaries and Wages	104,000.00	105,000.00	104,586.57	413.43	
Other Expenses	10,200.00	88,200.00	81,028.73	7,171.27	
Revenue Administration:					
Salaries and Wages	85,000.00	85,000.00	71,111.23	13,888.77	
Other Expenses	18,700.00	18,700.00	7,065.10	11,634.90	
Legal Services (Legal Department):					
Salaries and Wages	100,000.00	100,000.00	99,999.95	0.05	
Other Expenses	404,000.00	282,585.01	224,090.50	58,494.51	
Municipal Prosecutor:					
Salaries and Wages	27,000.00	27,100.00	27,000.21	99.79	
Other Expenses	3,000.00	3,000.00	2,100.00	900.00	
Engineering Services:					
Other Expenses	110,000.00	110,000.00	94,235.00	15,765.00	
Hispanic/Latino Board:					
Other Expenses	3,000.00	3,000.00	3,000.00	-	
Public Buildings and Grounds (Public Works):					
Salaries and Wages	2,253,272.00	2,313,272.00	2,313,272.00	-	
Other Expenses	610,300.00	550,300.00	326,624.62	223,675.38	
Municipal Land Use Law (N.J.S. 44:55D-1):					
Planning Board:					
Salaries and Wages	30,000.00	30,000.00	29,499.86	500.14	
Other Expenses	13,350.00	13,350.00	1,201.50	12,148.50	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>GENERAL GOVERNMENT (CONTINUED)</u>					
Senior Advisory Board:					
Other Expenses	\$ 5,000.00	\$ 5,500.00	\$ 5,124.19	\$ 375.81	\$
Board of Adjustment:					
Salaries and Wages	30,000.00	30,000.00	17,923.22	12,076.78	
Other Expenses	8,350.00	8,350.00	156.07	8,193.93	
Redevelopment Agency:					
Other Expenses	150,000.00	160,000.00	157,020.36	2,979.64	
Shade Tree Commission:					
Other Expenses	142,000.00	272,000.00	259,580.12	12,419.88	
Economic Development:					
Other Expenses	60,000.00	76,000.00	70,768.55	5,231.45	
<u>PUBLIC SAFETY</u>					
Fire Department:					
Salaries and Wages	3,303,000.00	3,453,000.00	3,451,199.88	1,800.12	
Other Expenses	191,000.00	191,000.00	187,607.95	3,392.05	
Police Department:					
Salaries and Wages	6,331,000.00	6,331,000.00	6,290,223.59	40,776.41	
Other Expenses	315,000.00	315,000.00	270,954.15	44,045.85	
Traffic Control-School Crossing Guards:					
Salaries and Wages	250,000.00	215,000.00	212,461.75	2,538.25	
Other Expenses	7,500.00	7,500.00	-	7,500.00	
Emergency Management Services:					
Salaries and Wages	45,000.00	35,000.00	17,050.00	17,950.00	
Other Expenses					
Code Enforcement:					
Salaries and Wages	207,000.00	207,000.00	197,197.99	9,802.01	
Other Expenses	33,000.00	36,000.00	29,115.59	6,884.41	
Maintenance of Vehicles:					
Other Expenses	232,000.00	247,000.00	233,130.75	13,869.25	
Recycling:					
Other Expenses	120,000.00	120,000.00	52,420.63	67,579.37	
Solid Waste Collection:					
Other Expenses	750,000.00	668,000.00	541,479.44	126,520.56	
Snow Removal:					
Other Expenses	102,904.00	102,904.00	62,232.01	40,671.99	

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	\$ 225,000.00	\$ 271,000.00	\$ 270,725.53	\$ 274.47	\$
Other Expenses	95,500.00	95,500.00	83,350.03	12,149.97	
Parking Enforcement:					
Salaries and Wages	60,000.00	60,100.00	60,045.94	54.06	
Other Expenses	1,000.00	1,000.00		1,000.00	
<u>RECREATION AND EDUCATION</u>					
Community Services: (Communities Center)					
Salaries and Wages	28,000.00	28,000.00	21,007.41	6,992.59	
Other Expenses	4,900.00	4,900.00	2,441.51	2,458.49	
Recreation (Parks and Playground):					
Salaries and Wages	231,000.00	231,000.00	225,771.46	5,228.54	
Other Expenses	168,400.00	168,400.00	146,199.34	22,200.66	
Municipal Court:					
Salaries and Wages	270,000.00	270,000.00	258,959.34	11,040.66	
Other Expenses	31,000.00	31,000.00	21,373.74	9,626.26	
Public Employees' Occupational Safety Health Act:					
Other Expenses	10,000.00	10,000.00		10,000.00	
Public Defender:					
Salaries and Wages	30,050.00	30,050.00	30,000.34	49.66	
Other Expenses	1,000.00	1,000.00	900.00	100.00	
Insurance:					
Group Insurance Plan for Employees	6,387,055.86	6,231,355.86	5,819,940.05	411,415.81	
Workers' Compensation (Insurance Trust Fund)	502,000.00	502,000.00	497,070.00	4,930.00	
Other Insurance Premiums	481,750.00	483,750.00	482,872.63	877.37	
Health Benefit Waiver	120,000.00	120,000.00	115,943.54	4,056.46	
<u>UNIFORM CONSTRUCTION CODE-</u>					
<u>APPROPRIATIONS OFFSET BY DEDICATED</u>					
<u>REVENUES (N.J.A.C. 5:23-4.17)</u>					
Construction Code Official (Building Department):					
Salaries and Wages	353,000.00	253,000.00	207,448.01	45,551.99	
Other Expenses	16,850.00	16,850.00	4,988.52	11,861.48	

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>BALANCE CANCELED</u>
<u>UNCLASSIFIED (UTILITY EXPENSES AND BULK PURCHASES)</u>					
Gasoline	\$ 300,000.00	\$ 200,000.00	\$ 150,607.36	\$ 49,392.64	\$
Electricity	145,000.00	145,000.00	121,271.90	23,728.10	
Natural Gas	35,000.00	35,000.00	13,686.39	21,313.61	
Telephone and Telegraph	200,000.00	200,000.00	186,657.91	13,342.09	
Street Lighting	260,000.00	260,000.00	216,388.00	43,612.00	
Fire Hydrant Service	230,000.00	236,000.00	235,425.00	575.00	
Water	40,000.00	40,000.00	23,420.05	16,579.95	
Accumulated Leave Compensation	25,000.00	25,000.00	25,000.00		
Municipal Services Act	22,000.00	22,000.00	14,167.80	7,832.20	
TOTAL OPERATIONS (INCLUDING CONTINGENT) WITHIN "CAPS"	28,244,181.86	28,087,766.87	26,273,446.61	1,814,320.26	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	625,000.00	625,000.00	542,112.88	82,887.12	
Police and Firemen's Retirement System of N.J.	2,409,000.00	2,424,000.00	2,421,017.22	2,982.78	
Public Employees Retirement System of N.J.	460,000.00	460,000.00	450,271.28	9,728.72	
State Unemployment Insurance	200,000.00	200,000.00	92,004.64	107,995.36	
Defined Contribution Retirement Program	15,000.00	15,000.00	6,960.49	8,039.51	
Deferred Charges:					
Overexpenditure of Appropriation Reserves	19,947.91	19,947.91	19,947.91		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	3,728,947.91	3,743,947.91	3,532,314.42	211,633.49	
TOTAL GENERAL APPROPRIATIONS WITHIN "CAPS"	31,973,129.77	31,831,714.78	29,805,761.03	2,025,953.75	

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Maintenance of Free Public Library	\$ 446,883.31	\$ 446,883.31	\$ 446,883.31	\$	
Sewerage Disposal-Linden/Roselle Sewerage Authority	2,881,400.00	2,881,400.00	2,881,400.00		
Police Dispatcher/911:					
Salaries and Wages	328,000.00	348,000.00	345,786.33	2,213.67	
Other Expenses	7,000.00	7,000.00	687.00	6,313.00	
Group Insurance Plan for Employees	100,444.14	100,444.14	100,444.14		
Declared State of Emergency					
Salaries & Wages	36,728.00	36,728.00	32,113.28	4,614.72	
Other Expenses	24,096.00	24,096.00		24,096.00	
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>					
Animal Control Contract - City of Linden	30,000.00	30,000.00	22,500.00	7,500.00	
<u>STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES</u>					
Municipal Alliance - County	18,868.00	18,868.00	18,868.00		
Municipal Alliance - Local	4,535.00	4,535.00	4,535.00		
Alcohol Education and Rehabilitation Fund (N.J.S.A. 40A:4-87 - \$1,510.79)		1,510.79	1,510.79		
Safe and Secure Communities 2016 (N.J.S.A. 40A:4-87 - \$60,000.00)		60,000.00	60,000.00		
NJDEP - Clean Communities Program (N.J.S.A. 40A:4-87 - \$40,507.33)		40,507.53	40,507.53		
Greening Union County Grant (N.J.S.A. 40A:4-87 - \$5,250.00)		5,250.00	5,250.00		
Click It or Ticket (N.J.S.A. 40A:4-87 - \$5,000.00)		5,000.00	5,000.00		
Summer Food Program (N.J.S.A. 40A:4-87 - \$48,294.39)		48,294.39	48,294.39		
Drive Sober or Get Pulled Over (N.J.S.A. 40A:4-87 - \$10,000.00)		10,000.00	10,000.00		
Body Armor Replacement Fund (N.J.S.A. 40A:4-87 - \$5,071.32)		5,071.32	5,071.32		
Federal Vest Program Grant (N.J.S.A. 40A:4-87 - \$3,487.50)		3,487.50	3,487.50		
R.O.I.D. (N.J.S.A. 40A:4-87 \$15,000.00)		15,000.00	15,000.00		
SAMSHA Grant(N.J.S.A 40A:4-87 \$125,000)		125,000.00	125,000.00		
Recycling Tonnage Grant	44,737.56	44,737.56	44,737.56		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS":</u>	3,922,692.01	4,261,813.54	4,217,076.15	44,737.39	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	300,000.00	300,000.00	300,000.00		
<u>TOTAL CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS":</u>	300,000.00	300,000.00	300,000.00		

BOROUGH OF ROSELLE

CURRENT FUND

YEAR ENDED DECEMBER 31, 2016

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>BALANCE CANCELED</u>
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 715,000.00	\$ 715,000.00	\$ 715,000.00	\$	\$ 9,000.00
Payment of Bond Anticipation Notes	335,000.00	335,000.00	326,000.00		464.08
Interest on Bonds	55,000.00	160,000.00	159,535.92		22,269.70
Interest on Notes	322,000.00	337,914.99	315,645.29		364.26
Loan Repayment for Principal and Interest	16,000.00	16,500.00	16,135.74		71.71
NJEIT Loan	106,000.00	106,000.00	105,928.29		
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	<u>1,549,000.00</u>	<u>1,670,414.99</u>	<u>1,638,245.24</u>		<u>32,169.75</u>
<u>DEFERRED CHARGES:</u>					
Special Emergency Authorizations- 5 Years (N.J.S.A. 40A:4-55) - Hurricane Sandy	131,707.82	131,707.82	131,707.82		
<u>TOTAL DEFERRED CHARGES</u>	<u>131,707.82</u>	<u>131,707.82</u>	<u>131,707.82</u>		
<u>JUDGEMENTS (N.J.S.A. 40A:4-45.3CC)</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>		
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>5,928,399.83</u>	<u>6,388,936.35</u>	<u>6,312,029.21</u>	<u>44,737.39</u>	<u>32,169.75</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>37,901,529.60</u> <u>2,801,000.00</u>	<u>38,220,651.13</u> <u>2,801,000.00</u>	<u>36,117,790.24</u> <u>2,801,000.00</u>	<u>2,070,691.14</u>	<u>32,169.75</u>
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 40,702,529.60</u>	<u>\$ 41,021,651.13</u>	<u>\$ 38,918,790.24</u>	<u>\$ 2,070,691.14</u>	<u>\$ 32,169.75</u>
REF.					
Budget	A-2		A-1	A-A-1	
Appropriation by 40A: 4-87		\$ 40,702,529.60			
		319,121.53			
		<u>\$ 41,021,651.13</u>			
Reserve for Grants	A-14		387,262.09		
Deferred Charges	A-25		151,655.73		
Reserve for Uncollected Taxes	A-2		2,801,000.00		
Encumbrances Payable	A-24		251,201.19		
Cash Disbursements	A-4		36,582,351.34		
			<u>\$ 40,173,470.35</u>		
Less: Refunded	A-4		1,254,680.11		
			<u>\$ 38,918,790.24</u>		

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TRUST FUND

"B"

BOROUGH OF ROSELLE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>A S S E T S</u>			
Animal Control Fund:			
Cash	B-1	\$ 7,107.60	\$ 8,613.40
		<u>\$ 7,107.60</u>	<u>\$ 8,613.40</u>
Other Trust Funds:			
Cash	B-1	\$ 4,247,227.03	\$ 3,984,230.43
Due County of Union	B-10	65,288.29	39,288.29
Due Current Fund	B-14	117,795.02	33,949.76
		<u>\$ 4,430,310.34</u>	<u>\$ 4,057,468.48</u>
		<u>\$ 4,437,417.94</u>	<u>\$ 4,066,081.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due Current Fund	B-3	\$	\$ 3,805.20
Due State of New Jersey	B-4	100.20	106.80
Reserve for Expenditures	B-5	7,007.40	4,701.40
		<u>\$ 7,107.60</u>	<u>\$ 8,613.40</u>
Other Trust Funds:			
Public Defender	B-6	\$ 45,524.17	\$ 36,637.67
Tax Sale Redemptions and Premiums	B-2	2,619,969.83	2,170,791.56
State Unemployment Insurance	B-8	46,092.59	6,092.59
Payroll Deductions Payable	B-9	170,185.73	376,055.46
Community Development Block Grants	B-11	36,000.02	39,288.29
Special Law Enforcement	B-12	65,638.06	59,099.07
Miscellaneous Reserves	B-13	1,350,086.83	1,313,521.90
Due General Capital Fund	B-15	79,000.00	35,001.46
Due State of New Jersey	B-16	94.00	94.00
Parking Offense Adjudication Act Fund	B-7	17,719.11	20,886.48
		<u>\$ 4,430,310.34</u>	<u>\$ 4,057,468.48</u>
		<u>\$ 4,437,417.94</u>	<u>\$ 4,066,081.88</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>ASSETS</u>			
Cash	C-2	\$ 3,489,977.91	\$ 4,148,530.06
Grants Accounts Receivable	C-7	2,279,507.20	2,024,396.64
Due Other Trust Fund	C-13	79,000.00	35,001.46
Due Grant Fund	C-19	347,000.00	347,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	10,999,612.75	3,303,506.20
Unfunded	C-5	25,875,627.60	30,205,543.48
Deferred Charges:			
Expenditure without an Appropriation	C-20	20,095.31	
		<u>\$ 43,090,820.77</u>	<u>\$ 40,063,977.84</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-11	\$ 9,677,000.00	\$ 1,893,000.00
Green Acres Loan Payable	C-9	73,931.40	89,217.31
Environmental Infrastructure Loan Payable	C-18	1,248,681.35	1,321,288.89
Bond Anticipation Notes	C-14	24,422,877.00	30,055,405.00
Due Current Fund	C-15	54,236.00	310.85
Capital Improvement Fund	C-6	72,846.69	34,876.69
Contracts Payable	C-10	504,977.00	1,653,535.84
Reserve for Grants Receivable	C-7	351,003.05	351,003.05
Reserve for Basketball Court Improvements	C-16	42,500.00	42,500.00
Reserve for the Payment of Debt	C-19	24,499.37	
Reserve for Unidentified Receipts	C-17	6,017.44	6,017.44
Improvement Authorizations:			
Funded	C-8	427,563.71	101,909.88
Unfunded	C-8	5,696,415.71	4,262,692.12
Fund Balance	C-1	<u>488,272.05</u>	<u>252,220.77</u>
		<u>\$ 43,090,820.77</u>	<u>\$ 40,063,977.84</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2015	C	\$	252,220.77
Increased by:			
Premium on Bond Anticipation Notes Issued	C-2		<u>236,051.28</u>
Balance, December 31, 2016	C	\$	<u><u>488,272.05</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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AFFORDABLE HOUSING UTILITY FUND

"D"

BOROUGH OF ROSELLE

AFFORDABLE HOUSING UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

			BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>ASSETS</u>	<u>REF.</u>			
Operating Fund:				
Cash	D-4	\$	_____	\$ 25,859.88
<u>Total Operating Fund</u>		\$	_____	\$ 25,859.88
Capital Fund:				
Cash	D-4	\$	_____	\$
Fixed Capital	D-9		_____	_____
<u>Total Capital Fund</u>		\$	_____	\$
		\$	=====	\$ 25,859.88
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Operating Fund:				
Liabilities:				
Appropriation Reserves	D-3:D-8	\$	_____	\$ 22,213.79
		\$	_____	\$ 22,213.79
Reserve for Receivables	D			
Fund Balance	D-1		_____	3,646.09
<u>Total Operating Fund</u>		\$	_____	\$ 25,859.88
Capital Fund:				
Capital Improvement Fund	D-11	\$	_____	\$
Reserve for Amortization	D-10		_____	_____
<u>Total Capital Fund</u>		\$	_____	\$
		\$	=====	\$ 25,859.88

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF ROSELLE
AFFORDABLE HOUSING UTILITY OPERATING FUND
STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-2	\$	\$ 33,000.00
Rents	D-2		175,174.66
Miscellaneous	D-2		20,000.00
Other Credits to Income:			
Reserve for Sale of Housing Utility	D-2:D-14		112,500.00
Cancel Accounts Payable	D-6		10,371.62
Cancel Prepaid Rents	D-13		3,328.00
Lapse Appropriation Reserves	D-8		8,778.14
Cancel Security Deposits	D-7		34,966.22
Cancel Security Deposits	D-12		327.60
		<u>\$</u>	<u>\$ 398,446.24</u>
<u>TOTAL INCOME</u>			
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D-3	\$	\$ 177,750.00
Debt Service	D-3		217,750.00
Miscellaneous	D-4	<u>3,646.09</u>	<u></u>
		<u>\$ 3,646.09</u>	<u>\$ 395,500.00</u>
<u>TOTAL EXPENDITURES</u>			
Excess/(Deficit) in Revenue		\$ (3,646.09)	\$ 2,946.24
<u>FUND BALANCE</u>			
Balance, January 1	D	<u>3,646.09</u>	<u>33,699.85</u>
		\$	\$ 36,646.09
Decreased by:			
Utilized as Revenue	D-1	<u></u>	<u>33,000.00</u>
Balance, December 31	D	<u>\$</u>	<u>\$ 3,646.09</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE TRUST FUND

"E"

BOROUGH OF ROSELLE

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>ASSETS</u>			
Cash-P.A.T.F. I	E-1	\$ <u>13,800.34</u>	\$ <u>13,800.34</u>
		\$ <u><u>13,800.34</u></u>	\$ <u><u>13,800.34</u></u>
<u>LIABILITIES</u>			
Reserve for Public Assistance - P.A.T.F. I		\$ <u>13,800.34</u>	\$ <u>13,800.34</u>
		\$ <u><u>13,800.34</u></u>	\$ <u><u>13,800.34</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF ROSELLE

GENERAL FIXED ASSET ACCOUNT GROUP

BALANCE SHEET - REGULATORY BASIS

	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>FIXED ASSETS</u>		
Land	\$ 12,222,600.00	\$ 12,222,600.00
Buildings	6,404,400.00	6,404,400.00
Machinery and Equipment	<u>11,672,117.53</u>	<u>10,643,635.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 30,299,117.53</u>	<u>\$ 29,270,635.00</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 30,299,117.53</u>	<u>\$ 29,270,635.00</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF ROSELLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Roselle is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Roselle include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Roselle, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Roselle do not include the operations of the municipal library or the board of education, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Roselle conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the Borough of Roselle are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

Affordable Housing Utility Operating and Capital Fund - account for the operations of the municipally owned Affordable Housing Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - Utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amount that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. General fixed assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation.

The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Borough of Roselle had the following cash and cash equivalents at December 31, 2016:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$8,994,034.05	\$895.60	\$2,264,045.91	\$6,730,883.74
Federal and State Grant Fund	\$249,524.57			249,524.57
Animal Control Trust Fund	7,180.80		73.20	7,107.60
Other Trust Fund	4,371,942.38		124,715.35	4,247,227.03
General Capital Fund	3,885,754.60		395,776.69	3,489,977.91
Public Assistance Fund	13,800.34			13,800.34
	<u>\$17,522,236.74</u>	<u>\$895.60</u>	<u>\$2,784,611.15</u>	<u>\$14,738,521.19</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2016, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$17,272,236.74 was covered by Federal Depository Insurance and \$250,000.00 was covered by NJ GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 (C.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Roselle's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT OPERATING
DEBT AND TYPE II SCHOOL DEBT)

	December 31, <u>2016</u>	December 31, <u>2015</u>	December 31, <u>2014</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 35,422,489.75	\$ 33,389,343.20	\$ 28,358,417.98
Less Funds Temporarily Held to			
Pay Bonds and Notes	696,639.40	263,251.52	1,274,965.25
Reserve for Debt Service	24,499.37		
ERIP Bonds	30,000.00	45,000.00	55,000.00
Net Debt Issued	\$ <u>34,671,350.98</u>	\$ <u>33,081,091.68</u>	\$ <u>27,028,452.73</u>
Authorized But Not Issued			
General:			
Bonds and Notes	\$ <u>2,149,390.00</u>	\$ <u>413,390.00</u>	\$ <u>4,493,299.43</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	\$ <u><u>36,820,740.98</u></u>	\$ <u><u>33,494,481.68</u></u>	\$ <u><u>31,521,752.16</u></u>

SUMMARY OF STATUTORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2016)

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 2.747%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
General Debt	\$ <u>37,571,879.75</u>	\$ <u>751,138.77</u>	\$ <u>\$36,820,740.98</u>
	\$ <u><u>\$37,571,879.75</u></u>	\$ <u><u>\$751,138.77</u></u>	\$ <u><u>\$36,820,740.98</u></u>

NET DEBT \$36,820,740.98 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$1,340,385,034.33 EQUALS 2.747%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2016	\$1,340,385,034.33
3-1/2 of Equalized Valuation Basis	46,913,476.20
Net Debt	<u>36,845,240.35</u>
Remaining Borrowing Power	<u>\$10,068,235.85</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II Railroad Property of the Borough of Roselle for the last three (3) preceding years.

LONG TERM DEBT

General Serial Bonds:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2016</u>
\$1,520,000.00 in 2011 Refunding Bonds, due in a remaining installment of \$245,000.00 in September 2017 at an interest rate of 3.00%.	\$245,000.00
\$145,000.00 2003 Refunding ERIP Bonds, due in annual remaining installments of \$15,000.00 through April 2018 at an interest rate of 5.29%.	30,000.00
\$4,363,000.00 in 2005 General Improvement Bonds, due in remaining installments ranging between \$450,000.00 and \$453,000.00 through June 2018 at an interest rate of 3.65%.	<u>903,000.00</u>
	<u>\$1,178,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

Environmental Infrastructure Loans:

		OUTSTANDING BALANCE DECEMBER 31, 2016
<u>ISSUE</u>		
Infrastructure Loan due in annual remaining installments of \$30,000.00 to \$55,000.00 through 2031 at various interest rates		\$640,000.00
\$795,341.00 Infrastructure Loan due in annual remaining installments of \$12,175.79 to \$42,607.54 through 2019 at 0% interest rate		608,681.35
		<u>\$1,248,681.35</u>

New Jersey Green Acres Loans:

		OUTSTANDING BALANCE DECEMBER 31, 2016
<u>ISSUE</u>		
Green Acres Loan due in annual remaining installments of \$6,689.87 to \$13,238.36 through 2019 at various interest rates		\$32,905.75
\$50,000.00 Green Acres Loan due in annual remaining installments of \$2,564.10 through 2032 at 0% interest rate		41,025.65
		<u>\$73,931.40</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2016

CALENDAR YEAR	<u>GENERAL CAPITAL</u>		TOTAL
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2017	\$ 985,000.00	\$ 235,129.00	\$ 1,220,129.00
2018	743,000.00	208,680.75	951,680.75
2019	430,000.00	192,570.00	622,570.00
2020	435,000.00	183,920.00	618,920.00
2021	440,000.00	175,170.00	615,170.00
2022-2026	2,350,000.00	738,350.00	3,088,350.00
2027-2031	2,645,000.00	446,800.00	3,091,800.00
2032-2034	<u>1,649,000.00</u>	<u>74,175.00</u>	<u>1,723,175.00</u>
	<u>\$ 9,677,000.00</u>	<u>\$ 2,254,794.75</u>	<u>\$ 11,931,794.75</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN ISSUED AND
OUTSTANDING AS OF DECEMBER 31, 2016

CALENDAR

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 72,607.54	\$ 29,360.00	\$ 101,967.54
2018	72,607.54	27,860.00	100,467.54
2019	77,607.54	26,360.00	103,967.54
2020	77,607.54	24,610.00	102,217.54
2021	77,607.54	22,860.00	100,467.54
2022-2026	428,037.70	84,800.00	512,837.70
2027-2031	<u>442,605.95</u>	<u>36,415.00</u>	<u>479,020.95</u>
	\$ <u>1,248,681.35</u>	\$ <u>252,265.00</u>	\$ <u>1,500,946.35</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR GREEN TRUST LOAN ISSUED AND OUTSTANDING
AS OF DECEMBER 31, 2016

CALENDAR

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 15,541.62	\$ 594.13	\$ 16,135.75
2018	15,802.46	333.28	16,135.74
2019	9,253.97	95.96	9,349.93
2020	2,564.10		2,564.10
2021	2,564.10		2,564.10
2022-2026	12,820.50		12,820.50
2027-2031	12,820.50		12,820.50
2032	<u>2,564.15</u>		<u>2,564.15</u>
	\$ <u>73,931.40</u>	\$ <u>1,023.37</u>	\$ <u>74,954.77</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BOND ANTICIPATION NOTES

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
General Capital	1.250%	3/4/16 to 3/3/17	\$6,979,670.00
General Capital	1.500%	3/23/16 to 3/22/17	3,526,000.00
General Capital	1.070%	4/15/16 to 3/22/17	1,662,500.00
General Capital	1.080%	9/13/16 to 9/19/17	8,799,707.00
General Capital	0.750%	12/14/16 to 12/13/17	<u>3,455,000.00</u>
			<u>\$24,422,877.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance, at December 31, 2016, which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2017 was as follows:

Current Fund	\$1,850,000.00
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NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

NOTE 5: PROPERTY TAXES (CONTINUED)

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2016</u>	BALANCE DECEMBER 31, <u>2015</u>
Prepaid Taxes \$	<u>251,647.31</u>	<u>\$ 182,221.43</u>

NOTE 6: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

NOTE 6: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2016, PERS provides for employee contributions of 7.20% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2016, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$2,871,288.50 for 2016, \$2,175,148.00 for 2015, and \$2,579,664.20 for 2014.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions". This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2016. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2016.

Public Employees Retirement System (PERS)

At June 30, 2016, the State reported a net pension liability of \$14,569,136.00 for the Borough of Roselle's proportionate share of the total net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0491915835 percent, which was a decrease of 0.0010382670 percent from its proportion measured as of June 30, 2015.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$1,240,010.00 for the Borough of Roselle's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2016 billing was \$431,842.00.

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$270,942.00
Changes of assumptions		3,017,947.00
Net difference between projected and actual earnings on pension plan investments		555,534.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>\$581,582.00</u>	<u>22,196.00</u>
	<u><u>\$581,582.00</u></u>	<u><u>\$3,866,619.00</u></u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$714,889.00
2018	714,889.00
2019	854,508.00
2020	756,719.00
2021	<u>244,032.00</u>
	<u><u>\$3,285,037.00</u></u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. These actuarial valuations used the following assumptions:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Inflation	3.04 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	2.15-4.40 Percent	1.65-4.15 Percent
Thereafter	3.15-5.40 Percent	2.65-5.15 Percent
Investment Rate of Return	7.90 Percent	7.65 percent

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

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

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Borough's proportionate share of the pension liability	\$17,852,776.00	\$14,569,136.00	\$11,858,207.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2016, the State reported a net pension liability of \$46,534,916.00 for the Borough of Roselle's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.2436056805 percent, which was a decrease of 0.0324701847 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$4,435,259.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2016 billing was \$2,244,085.00.

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$305,043.00	
Changes of assumptions		\$6,445,468.00
Net difference between projected and actual earnings on pension plan investments		3,260,608.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>4,024,322.00</u>	<u>948,537.00</u>
	<u>\$4,329,365.00</u>	<u>\$10,654,613.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2017	\$1,661,654.00
2018	1,661,654.00
2019	2,558,475.00
2020	934,957.00
2021	(491,492.00)

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

	<u>2016</u>	<u>2015</u>
Inflation	3.08 Percent	3.04 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.60-9.48 Percent
Thereafter	3.10-9.98 Percent	3.60-10.48 Percent
Investment Rate of Return	7.65 Percent	7.90 Percent

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Borough's proportionate share of the PFRS pension liability	\$60,003,362.00	\$46,534,916.00	\$35,552,209.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$3,907,779.00 and \$4,032,697.00 respectively.

At December 31, 2016, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$46,534,916.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>3,907,779.00</u>
	<u><u>\$50,442,695.00</u></u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers, which may be taken as time off, or paid at a later date, at an agreed upon rate. A reasonable estimate of such unpaid compensation is not readily available from the Borough but is probably material. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, accumulated cost of such paid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2016.

NOTE 8: LITIGATION

The Borough Attorney's letters did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participated in several financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. The grants received and expended in 2016 were subject to a Single Audit under U.S. Office of Management and Budget OMB Uniform Guidance and State of New Jersey OMB 15-08, which mandates that grant revenues and expenditures be audited in conjunction with the Borough's annual audit. Findings and questioned costs, if any, relative to financial assistance programs will be discussed in detail in Part II, Report Section of the 2016 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2016, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self insurance program through the Public Entity Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

<u>Year</u>		<u>Borough Contributions</u>		<u>Interest/Employee Contributions</u>		<u>Amount Reimbursed</u>		<u>Ending Balance</u>
2016	\$	40,000.00	\$		\$		\$	46,092.59
2015								6,092.59
2014				0.02				6,092.59

NOTE 11: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardship.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plan are held by an independent administrator.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets of the various funds at December 31, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$128,549.19	\$117,795.02
Grant Fund		421,313.19
Trust Other Fund	117,795.02	79,000.00
General Capital Fund	<u>426,000.00</u>	<u>54,236.00</u>
	<u>\$672,344.21</u>	<u>\$672,344.21</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the municipality to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or required to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their balance sheets; however, OPEB obligations are required to be disclosed in the notes.

Plan Description

The Borough of Roselle provides Post-Retirement Benefits to eligible employees in accordance with terms of their various labor agreements or in accordance with Borough ordinance. Their post-employment benefits include medical health, prescription drug coverage and Medicare Part B premium reimbursement to retirees and spouses. The Borough does not provide subsidized benefits for dental, vision or life insurance, and does not provide reimbursement for Medicare Part D premiums. Medical coverage for pre-65 and post-65 is fully insured with Oxford Health Plan.

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Demographic Information

Some highlights of census demographic information as of the January 1, 2016 valuation date are as follows:

- For retirees, the overall average age is 66.5 years, which reflects an average age of 55.5 for pre-65 retirees and 75.1 for post-65 retirees. Pre-65 retirees reflect 43.8% of retirees.
- For actives, the average age is 43.5 years and average years of service of 9.8.
- Of the active population, 9.5% of the population (17 employees) is eligible for retiree benefits.
- 21.8% actives and 23.8% retirees valued were female.

Summary of Assumptions:

The Valuation Date is January 1, 2016. Discount Rate used is 4.00%. The Actuarial Cost Method used is the Projected Unit Credit Method. The monthly base plan costs are based on premium rates for plan year August 1, 2016 to July 31, 2017. For valuation purposes, these premium rates were used for calendar year 2016 for conservatism. Base plan costs provided by the Borough are assumed to be fully insured and assumed to be experience-rated so cost information is adjusted for aging. Valuation assumes no changes in future plan designs from current benefits offered for the current plan year. Valuation is based on the New Jersey Public Employees' Retirement System (PERS), and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables used in this valuation are from the July 1, 2016 Annual Report of the Actuary for both PERS and PFRS. RP 2014 Healthy Male and Female Tables are based on the Combined Healthy Table for both pre & post retirement projected with mortality improvements using Projection Scale AA for two (2) years, (i.e., from date of table to the valuation date), plus seven (7) years generational improvement. Retiree contribution rates are valued on an individual by individual basis for those who meet the retirement eligibility requirements outlined above. Pre-65 and post-65 retiree contribution rates are 0% (non-contributory) for all current and future retirees. It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information is provided. Spousal dates of birth were not provided for this valuation.

Actuary OPEB Cost

The Annual Required Contribution as of January 1, 2016 is \$10,612,770 based upon a discount rate of 4.00% per annum and the plan provisions in effect on January 1, 2016.

The Actuarial Accrued Liability ("AAL") as of January 1, 2016 is \$156,944,312 based upon a discount rate of 4.00% per annum and the plan provisions in effect on January 1, 2016.

NOTE 14: DEFERRED CHARGES

	BALANCE DECEMBER 31, <u>2016</u>	2017 BUDGET <u>APPROPRIATION</u>	BALANCE TO SUCCEEDING <u>YEARS</u>
Current Fund:			
Special Emergency 40A:4-53	\$ 42,500.00	\$ 42,500.00	\$ -0-
General Capital Fund			
Expenditure without an Appropriation	<u>20,095.31</u>	<u></u>	<u>20,095.31</u>
	\$ <u>\$62,595.31</u>	\$ <u>\$42,500.00</u>	\$ <u>\$20,095.31</u>

NOTE 15: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 16: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through August 31, 2017 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that the following items require disclosure in the financial statements:

General Obligation Bonds, Series 2017, were issued in the amount of \$4,676,000.00 on February 23, 2017. The Bonds will be paid back over fifteen years with variable interest ranging from 2.00% to 3.00%. The Bonds were insured by the Assured Guaranty Municipal Corporation.

The Borough received approval from the State of New Jersey, Department of Community Affairs, Local Finance Board to construct a new Community Center and Library along with a new Early Childhood Learning Center for the Borough of Roselle School District through a shared service financing with the Borough of Roselle School District. For the Borough's portion of the project, the Union County Improvement Authority will issue in one or more series in an aggregate principal amount not to exceed \$29,995,000.00, to be designated as "Lease Revenue Bonds" and financed over thirty years. As of the date of this report, none of the Lease Revenue Bonds have been issued.

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BOROUGH OF ROSELLE
SUPPLEMENTARY SCHEDULES
FISCAL YEAR ENDED DECEMBER 31, 2016

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF CASH COLLECTOR-TREASURER

	<u>REF.</u>		<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2015	A	\$	5,758,675.16	\$ 47,910.71
Increased by Receipts:				
Grants Receivable	A-7	\$	\$ 370,701.11	
Taxes Receivable	A-8	62,326,863.49		
Revenue Accounts Receivable	A-11	5,809,039.80		
Tax Title Liens	A-9			
State of New Jersey, Chapter 20, P.L. 1971	A-13	110,750.00		
Deferred Charges	A-25	86,408.28		
Grants-Unappropriated	A-18		335.63	
Petty Cash	Contra	800.00		
Prepaid Taxes	A-21	251,647.31		
Tax Overpayments	A-6	121,975.40		
Due Current Fund	A-19		863,366.99	
Interfunds	A-16	37,496,086.88		
Miscellaneous Revenue Not Anticipated	A-2	571,193.50		
Appropriation Refunds	A-3	1,254,680.11		
Appropriation Reserve Refunds	A-17	730.25		
Due Roselle Public Library	A-15	304,852.28		
Due State of New Jersey - DCA Fees	A-28	26,153.00		
Due State of New Jersey - Marriage Licenses	A-20	3,579.00		
			<u>108,364,759.30</u>	<u>1,234,403.73</u>
			114,123,434.46	\$ 1,282,314.44
Decreased by Disbursements:				
2016 Appropriations	A-3	\$ 36,582,351.34	\$	
2015 Appropriation Reserves	A-17	703,794.43		
Reserve for Grants Appropriated	A-14		510,088.46	
Interfunds	A-16:A-19	37,803,027.15	522,701.41	
Refund of Tax Overpayments	A-6	47,679.61		
County Taxes	A-22	7,185,601.89		
Local District School Tax	A-23	24,349,727.00		
Due State of New Jersey - Marriage Licenses	A-20	3,550.00		
Emergency Note Payable	A-30			
Petty Cash	Contra	800.00		
Refund of Prior Year Revenues	A-1	337,140.02		
Due County of Union - P.I.L.O.T	A-2	9,208.00		
Due Roselle Public Library	A-15	348,852.28		
Due State of New Jersey - DCA Fees	A-28	20,819.00		
Contra				
			<u>107,392,550.72</u>	<u>1,032,789.87</u>
Balance, December 31, 2016	A	\$	<u>6,730,883.74</u>	<u>\$ 249,524.57</u>

"A-5"

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF CHANGE FUND

OFFICE

BALANCE
DECEMBER 31, 2016
AND 2015

Collector	\$	200.00
Municipal Court		<u>200.00</u>
	\$	<u><u>400.00</u></u>

REF.

A

"A-6"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2015	A	\$	168,592.65
Increased by:			
Tax Overpayments Received	A-4		<u>121,975.40</u>
		\$	<u>290,568.05</u>
Decreased by:			
Cash Disbursements	A-4	\$	47,679.61
Applied	A-8		13,434.08
Cancelled	A-1		<u>94,196.48</u>
			<u>155,310.17</u>
Balance, December 31, 2016	A	\$	<u><u>135,257.88</u></u>

BOROUGH OF ROSELLE

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2015	ANTICIPATED IN 2016 BUDGET	RECEIPTS	UNAPPROPRIATED APPLIED	CANCELED	BALANCE DECEMBER 31, 2016
Municipal Alliance Grant	\$ 18,880.92	\$ 18,868.00	\$ 18,863.51	\$	\$ 17.41	\$ 18,868.00
Green Communities	2,000.00					2,000.00
Bulletproof Vest Partnership Grant	19,080.87	3,487.50				22,568.37
Edward Byrnes Memorial Justice Grant	45,651.82				45,651.82	
Greening Union County	9,318.00					9,318.00
County of Union Homeland Security	672.00				672.00	
Greening Grant		4,000.00	830.00			3,170.00
Municipal Stormwater Regulation	10,583.00				10,583.00	
Operation Safe Streets	4,000.00				4,000.00	
Brownfields Assessment	115,432.61				115,432.61	
Alcohol Education and Rehab Fund	589.18	1,510.79	1,510.79		589.18	
Safe Route to School -09	4,600.00				4,600.00	
Click it or Ticket	4,000.00	5,000.00	8,400.00		600.00	
Body Armor Replacement Grant	180.23	5,071.32	5,071.32		180.23	
Union County Means		1,250.00	750.00			500.00
Recycling Tonnage Grant		44,737.56		44,737.56		
Healthy Neighborhoods	2,000.00					2,000.00
Heart Grant	1,000.00				1,000.00	
WIA Youth Program	21,397.99					21,397.99
WIA Youth Works Program	37,235.00				37,235.00	
WIA National Emergency Grant	80,340.04					80,340.04
WIA Youth Program In School Youth	25,072.85				24,972.85	100.00
WIA Youth Program out of School Youth	18,131.52				18,131.52	
WIA Youth Program In School Youth	90,000.00		90,000.00			
WIA Youth Program out of School Youth	45,000.00		19,298.10		25,701.90	
Safe and Secure Communities	60,000.00	60,000.00	120,000.00			
NJ DOT Central Business Midtown Grant	500,000.00					500,000.00
NJ DOT SRTS Pedestrian Walkway Grant	91,355.84					91,355.84
NJ Division of Highway Safety Grant	4,000.00				4,000.00	
Hazard Mitigation Grant	75,000.00					75,000.00
Over the Limit Under Arrest	2,000.22				2,000.22	
Drive Sober Get Pulled Over	4,303.30	10,000.00	9,475.00		4,578.00	250.30
Recreational Opportunities for Indiv. w/ Disab.	15,000.00	15,000.00	15,000.00			15,000.00
Drunk Driving Enforcement Fund	25,634.66					25,634.66
SAMSHA Grant		125,000.00				125,000.00
Summer Food Program	6,045.37	48,294.39	40,994.86		6,045.37	7,299.53
Clean Communities	0.01	40,507.53	40,507.53		0.01	
	<u>\$ 1,338,505.43</u>	<u>\$ 382,727.09</u>	<u>\$ 370,701.11</u>	<u>\$ 44,737.56</u>	<u>\$ 305,991.12</u>	<u>\$ 999,802.73</u>

REF.	A	A-2	A-4	A-18	A
Federal and State					
Grants Appropriated	A-14			\$ 118,422.13	
Budget Operations	A-1			<u>187,568.99</u>	
				<u>\$ 305,991.12</u>	

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>2016 LEVY</u>	<u>2015</u>	<u>COLLECTED 2016</u>	<u>CANCELED</u>	<u>OVERPAYMENT APPLIED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>BALANCE DECEMBER 31, 2016</u>
2015	\$ 2,315,026.25	\$	\$	2,304,848.76	\$	\$	\$	10,177.49
2016		62,658,107.04	182,221.43	60,130,264.73	266,142.58	13,434.08	82,441.07	1,983,603.15
	\$ 2,315,026.25	\$ 62,658,107.04	\$ 182,221.43	\$ 62,435,113.49	\$ 266,142.58	\$ 13,434.08	\$ 82,441.07	\$ 1,993,780.64
<u>REF.</u>	A		A-2:A-21	A-2		A-2:A-6	A-9	A
<u>REF.</u>								
Cash				\$ 62,326,863.49				
Senior Citizens and Veterans Deductions Allowed				108,250.00				
				\$ 62,435,113.49				
Analysis of Property Tax Levy:								
Tax Yield:								
General Purpose Tax			\$	62,474,580.07				
Added Taxes				183,526.97				
			\$	62,658,107.04				
Tax Levy:								
Local District School Tax (Abstract)			A-23	\$	23,673,188.00			
County Taxes:								
County Taxes (Abstract)			A-22	\$	7,179,779.11			
Due County for Added Taxes			A-22		8,295.97			
					7,188,075.08			
Local Tax for Municipal Purposes (Abstract)			A-2	\$	31,177,843.61			
Minimum Library Tax			A-2		443,669.43			
Add: Additional Tax Levied					175,330.92			
					31,796,843.96			
			\$		62,658,107.04			

"A-9"

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	490,948.40
Increased by:			
Transfer From Taxes Receivable	A-8	\$	82,441.07
Other			<u>3,298.00</u>
			<u>85,739.07</u>
Balance, December 31, 2016	A	\$	<u><u>576,687.47</u></u>

"A-10"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2016 and Balance, December 31, 2015	A	\$	<u><u>2,027,232.00</u></u>
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BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	REF.	BALANCE DECEMBER 31, 2015	ACCRUED IN 2016	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2016
Clerk:					
Fees and Permits	A-2	\$	\$ 4,702.51	4,702.51	\$
Licenses:					
ABC	A-2		11,582.00	11,582.00	
Other	A-2		4,238.55	4,238.55	
Board of Health					
Fees and Permits	A-2		15,301.05	15,301.05	
Other Licenses	A-2		1,178.00	1,178.00	
Vital Statistics					
Fees and Permits	A-2		564.00	564.00	
Other Licenses	A-2		2,925.00	2,925.00	
Police:					
Fees and Permits	A-2		7,574.00	7,574.00	
Fire:					
Fees and Permits	A-2		14,183.00	14,183.00	
Public Works:					
Fees and Permits	A-2		17,002.13	17,002.13	
Planning/Zoning:					
Fees and Permits	A-2		17,206.00	17,206.00	
Municipal Court:					
Fines and Costs	A-2	32,690.46	433,933.65	436,767.31	29,856.80
Construction Code Official:					
Fees and Permits	A-2		1,384,832.38	1,384,832.38	
Recreation:					
Fees and Permits	A-2		33,300.00	33,300.00	
Interest and Cost on Taxes	A-2		565,526.80	565,526.80	
Parking Meters	A-2		34,110.67	34,110.67	
Interest on Investments and Deposits	A-2		17,697.48	17,697.48	
Cable Television Franchise Tax	A-2		235,159.05	235,159.05	
Consolidated Municipal Purpose Tax Relief Act	A-2		388,589.00	388,589.00	
Energy Receipts Tax	A-2		2,053,392.00	2,053,392.00	
Uniform Fire Safety Act	A-2		25,309.37	25,309.37	
Ambulance Revenue	A-2		297,130.90	297,130.90	
Cell Tower	A-2		56,608.55	56,608.55	
P.I.L.O.T.	A-2		184,160.05	184,160.05	
		\$ 32,690.46	\$ 5,806,206.14	\$ 5,809,039.80	\$ 29,856.80
REF.		A		A-4	A

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2016 and Balance, December 31, 2015	A	\$ <u><u>95,000.00</u></u>

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF DUE FROM STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	3,000.00
Charged:			
Senior Citizens Deductions per Tax Billings		\$	34,000.00
Veterans Deductions per Tax Billings			73,750.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector			<u>500.00</u>
			<u>108,250.00</u>
			111,250.00
Decreased by:			
Cash Receipts	A-4	\$	101,645.00
Senior Citizens and Veterans Deduction Disallowed 2015	A-4		<u>9,105.00</u>
			<u>110,750.00</u>
Balance, December 31, 2016	A	\$	<u><u>500.00</u></u>

ANALYSIS OF STATE SHARE OF 2016
SENIOR CITIZENS AND VETERANS DEDUCTIONS ALLOWED

Senior Citizens Deductions per Tax Billings		\$	34,000.00
Veterans Deductions per Tax Billings			73,750.00
Senior Citizens Deductions Allowed by Tax Collector			<u>500.00</u>
State Share Realized	A-8	\$	<u><u>108,250.00</u></u>

BOROUGH OF ROSELLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2015	TRANSFERRED FROM ENCUMBRANCES PAYABLE	APPROPRIATED	EXPENDED	CANCELED	BALANCE DECEMBER 31, 2016
Body Armor Replacement Fund	\$ 27,643.52	\$	\$ 5,071.32	\$ 19,530.00	\$	\$ 13,184.84
Municipal Alliance Grant	15,259.88			15,242.47	17.41	
Municipal Alliance Grant	4,220.70		18,686.00	3,754.67	509.86	14,931.33
Municipal Alliance Grant Match	350.00		4,717.00	4,859.31	600.00	3,568.53
Click It or Ticket	241.31		5,000.00	4,750.00	241.31	
Edward Byrnes Memorial Justice Grant	10,583.00				10,583.00	
Municipal Stormwater Regulation	4,000.00				4,000.00	
Operation Safe Streets	39,429.94	300.00	1,510.79	2,267.50	589.18	39,429.94
Drunk Driving Enforcement Fund	7,878.05					6,832.16
Alcohol Education and Rehab. Fund	884.30		3,487.50			884.30
Development of Elderly Programs	1,000.00				1,000.00	3,487.50
Bulleproof Vest Partnership	313.44				313.44	
Heart Grant	35,478.33		40,507.53	55,978.33		20,007.53
Safe Routes to Schools	57,871.90		44,737.56	45,571.87		57,037.59
Clean Communities Program	7,108.66					7,108.66
Recycling Tonnage Grant	2,746.98		48,294.39	42,600.22	6,044.98	2,396.17
NJ Stabilization Grant			4,000.00			4,000.00
Summer Food Program			125,000.00			125,000.00
Greening Grant						4,713.36
SAMSHA						
Union County Kids Recreation	4,713.36				10,279.91	
Brownfields	10,279.91			10,000.00		22,790.96
UEZ Roselle First	10,000.00					120,601.59
UEZ Administration Grant 13	22,790.96			67,696.15		69,990.86
UEZ Improvement Program	188,297.74					
UEZ Improvement Grant	69,990.86			14,389.51	904.12	
WIA Youth Program In School Youth	15,293.63				24,865.07	
WIA Youth Program out of School Youth	24,865.07			49,533.20	10,660.33	
WIA Youth Program In School Youth	60,193.53			17,429.72		
WIA Youth Program out of School Youth	17,429.72				37,235.00	
WIA National Emergency Grant	37,235.00					146.61
Healthy Neighborhoods	146.61					
Safe and Secure Communities	60,000.00		60,000.00	120,000.00		
NJ DOT Central Business Midtown Grant	136,604.34					136,604.34
NJ DOT SRTS Pedestrian Walkway Grant	76,003.44				4,000.00	76,003.44
NJ Division of Highway Safety Grant	4,000.00					
Union County Recycling Enhancement	4,695.20			3,623.78	2,000.22	4,695.20
Over the Limit Under Arrest	5,624.00			18,214.23	4,578.30	
Drive Sober Get Pulled Over	15,453.60		10,000.00	27,000.00		2,661.07
R.O.I.D	15,000.00		15,000.00			3,000.00
Union County Means Grant			1,250.00	750.00		500.00
Hazard Mitigation Grant	75,000.00					75,000.00
	<u>\$ 1,088,626.98</u>	<u>\$ 300.00</u>	<u>\$ 387,262.09</u>	<u>\$ 523,190.96</u>	<u>\$ 118,422.13</u>	<u>\$ 814,575.98</u>

REF.

A

A-7

A-3

A-26

A-4

A-26

A-4

Cash Disbursements
Encumbrances Payable
Less: Refunds

\$ 514,199.09
13,102.50
(4,110.63)
\$ 523,190.96

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF DUE ROSELLE PUBLIC LIBRARY

	<u>REF.</u>	
Balance, December 31, 2015 (Due To)	A	\$ 44,000.00
Increased by:		
Cash Receipts	A-4	<u>304,852.28</u>
		\$ 348,852.28
Decreased by:		
Cash Disbursements	A-4	<u><u>348,852.28</u></u>

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	TRUST OTHER FUND	GENERAL CAPITAL FUND	ANIMAL CONTROL TRUST FUND	GRANT FUND
Balance, December 31, 2015:					
Due To	\$ 108,199.42	\$ 33,949.76	\$	\$	\$ 74,249.66
Due From	\$ 4,116.05	\$	310.85	3,805.20	
Cash Receipts	37,496,086.88	318,156.41	36,651,423.86	3,805.20	522,701.41
Transferred to Federal and State Grants	192,103.99				192,103.99
Transferred to Federal and State Grants	1.26				1.26
Cash Disbursements	37,803,027.15	234,311.15	36,705,349.01		863,366.99
Balance, December 31, 2016:					
Due To	\$ 117,795.02	\$ 117,795.02	\$	\$	\$
Due From	\$ 128,549.19	\$	54,236.00		74,313.19

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF YEAR 2015 APPROPRIATION RESERVES

	<u>BALANCE, DECEMBER 31, 2015</u>		<u>BALANCE</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>RESERVED</u>	<u>ACCOUNTS</u> <u>PAYABLE</u>	<u>AFTER</u> <u>TRANSFERS</u>	<u>CHARGED</u>	<u>LAPSED</u>
<u>SALARIES AND WAGES</u>					
Administrative and Executive	\$ 11,284.97	\$	\$ 11,284.97	\$	\$ 11,284.97
Borough Clerk	8,587.40		8,587.40		8,587.40
Borough Council	2,275.33		2,275.33		2,275.33
Financial Administration	14,715.78		9,715.78		9,715.78
Assessment of Taxes	497.00		497.00		497.00
Collection of Taxes	1,376.04		1,376.04		1,376.04
Legal Services and Costs	665.76		665.76		665.76
Prosecutor	366.93		366.93		366.93
Public Buildings and Grounds	5,988.28		5,988.28		5,988.28
Planning Board	45,423.88		45,423.88		45,423.88
Zoning Board of Adjustment	280.00		280.00		280.00
Economic Development	13,185.33		13,185.33		13,185.33
Fire Department	5,974.41		5,974.41		5,974.41
Police	507,874.79		507,874.79		507,874.79
Traffic Control-School Crossing Guards	2,970.27		2,970.27		2,970.27
Code Enforcement	878.25		878.25		878.25
Board of Health	15,223.84		15,223.84		15,223.84
Parking Enforcement	6,959.88		6,959.88		6,959.88
Community Services	13,484.94		13,484.94		13,484.94
Police Dispatch 911	85,210.72		85,210.72		85,210.72
Parks and Playgrounds	5,010.69		5,010.69		5,010.69
Municipal Court	37,817.62		37,817.62		37,817.62
Public Defender	430.46		430.46		430.46
Construction Code Official	25,292.95		25,292.95	3,970.69	21,322.26
<u>OTHER EXPENSES</u>					
Administrative and Executive	54,356.97	20,175.26	54,532.23	40,248.48	14,283.75
Borough Clerk	15,461.10	4,987.09	20,448.19	4,348.35	16,099.84
Borough Council	11,345.17	620.00	11,965.17		11,965.17
Human Resources	40,513.08	1,120.00	41,633.08	12,000.17	29,632.91
Financial Administration		6,658.22	11,658.22	6,824.81	4,833.41
Annual Audit	2,325.00		2,325.00		2,325.00
Assessment of Taxes	4,853.43	25,456.50	30,309.93	10,756.50	19,553.43
Collection of Taxes	11,044.25	930.00	11,974.25	630.00	11,344.25
Legal Services and Costs	64,681.91	59,538.39	114,220.30	59,384.54	54,835.76
Prosecutor	100.00		100.00		100.00
Engineering Services and Costs	7,875.55		7,875.55	7,875.55	
Hispanic/Latino Board	1,232.01	353.55	1,585.56	353.55	1,232.01
Public Buildings and Grounds	224,767.04	17,994.05	242,761.09	97,631.01	145,130.08
Planning Board	10,156.58		10,156.58		10,156.58
Senior Advisory Board	2,190.97		2,190.97		2,190.97
Zoning Board of Adjustments	835.00		835.00		835.00
Redevelopment Agency	14,619.06	5,317.38	29,936.44	16,376.20	13,560.24
Shade Tree Commission	4,000.32	8,400.00	12,400.32	8,805.00	3,595.32
Economic Development		180.87	20,180.87		20,180.87
Group Insurance for Employees		4,136.20	4,136.20	3,541.43	594.77
Workers' Compensation	5,123.00		5,123.00		5,123.00
Other Insurance Premiums	4,060.80		4,060.80		4,060.80
Fire Department	15,010.05	20,953.21	35,963.26	20,899.75	15,063.51
Police Department	3,975.58	17,936.61	21,912.19	18,052.81	3,859.38
Traffic Control-School Crossing Guards	1,421.86		1,421.86		1,421.86
Emergency Management Services	19,137.74		19,137.74	204.10	18,933.64
Code Enforcement	4,592.29	3,637.50	8,229.79	3,655.50	4,574.29
Maintenance of Vehicles	15,175.18	8,096.15	23,271.33	10,502.00	12,769.33
Recycling	61,273.99		61,273.99	8,469.75	52,804.24
Solid Waste Collection	60,221.61	161,081.71	221,303.32	148,676.24	72,627.08
Police Dispatch 911	6,250.00	400.00	6,650.00	400.00	6,250.00

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF YEAR 2015 APPROPRIATION RESERVES

	<u>BALANCE, DECEMBER 31, 2015</u>		<u>ACCOUNTS</u>	<u>BALANCE</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>RESERVED</u>		<u>PAYABLE</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
<u>OTHER EXPENSES (CONTINUED)</u>						
Snow Removal	\$ 24,935.93	\$		\$ 24,935.93	\$ 24,935.93	\$
Board of Health	20,609.78		22,684.57	43,294.35	35,131.82	8,162.53
Community Services	2,797.69			2,797.69	620.00	2,177.69
Recreation			13,877.50	13,877.50	13,140.08	737.42
Municipal Court	8,295.99		2,427.18	10,723.17	3,407.75	7,315.42
Public Employee Occupational Safety Health Act	10,500.00			10,500.00		10,500.00
Public Defender	100.00			100.00		100.00
Rental Property (Code Enforcement)	14,555.38			14,555.38		14,555.38
Construction Code Official	7,977.40		160.41	8,137.81	2,751.39	5,386.42
Gasoline	20,532.31		11,466.01	31,998.32	7,067.71	24,930.61
Electricity	10,433.34		(41.26)	10,392.08	9,041.48	1,350.60
Natural Gas	12,911.07		994.42	13,905.49	3,210.56	10,694.93
Telephone and Telegraph	5,841.53		15,262.21	21,103.74	15,262.21	5,841.53
Street Lighting	772.30		63,286.31	64,058.61	23,068.19	40,990.42
Fire Hydrant Service	4,193.75		19,618.75	23,812.50	19,618.75	4,193.75
Water	4,354.88		2,333.94	6,688.82	2,659.35	4,029.47
Municipal Services Act	1,753.70			1,753.70	1,753.70	
Social Security System (O.A.S.I.)	147,458.54			47,458.54		47,458.54
Police and Firemen's Retirement System of NJ	689.82			689.82	155.61	534.21
State Unemployment	2,619.89			102,619.89	81,102.38	21,517.51
Defined Contribution Retirement Program	943.06			943.06	943.06	
Public Employee's Retirement System	19,669.80			19,669.80	14,950.65	4,719.15
Sewer Disposal	41,762.55			41,762.55		41,762.55
Animal Control Contract - City of Linden	10,000.00			10,000.00	5,000.00	5,000.00
	<u>\$ 1,852,083.77</u>	<u>\$</u>	<u>520,042.73</u>	<u>\$ 2,372,126.50</u>	<u>\$ 747,427.05</u>	<u>\$ 1,624,699.45</u>
<u>REF.</u>	A		A-24			A-1
Cash Disbursements	A-4				\$ 703,794.43	
Encumbrances Payable	A-24				44,362.87	
Less: Refunds	A-4				<u>(730.25)</u>	
					<u>\$ 747,427.05</u>	

BOROUGH OF ROSELLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS -
UNAPPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	44,738.82
Increased by:			
Cash Receipts	A-4		335.63
		\$	<u>45,074.45</u>
Decreased by:			
Applied to Receivable	A-7	\$	44,737.56
Cancelled			<u>1.26</u>
		\$	<u>44,738.82</u>
Balance, December 31, 2016	A	\$	<u><u>335.63</u></u>

ANALYSIS OF BALANCE:

Click it or Ticket	\$	<u>335.63</u>
	\$	<u><u>335.63</u></u>

"A-19"

BOROUGH OF ROSELLE

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2015 (Due from)	A	\$	74,249.66
Decreased by:			
Cash Receipts	A-4	\$	863,366.99
Transfer to Current Fund			<u>1.26</u>
		\$	<u>863,368.25</u>
Increased by:			
Cash Disbursements	A-4	\$	522,701.41
Transfer from Current Fund	A-16		<u>192,103.99</u>
			<u>714,805.40</u>
Balance, December 31, 2016 (Due to)	A	\$	<u><u>74,313.19</u></u>

"A-20"

CURRENT FUND

SCHEDULE OF RESERVE FOR MARRIAGE
LICENSES DUE STATE

Balance, December 31, 2015	A	\$	2,730.00
Increased by:			
Cash Receipts	A-4		<u>3,579.00</u>
		\$	<u>6,309.00</u>
Decreased by:			
Cash Disbursements	A-4		<u>3,550.00</u>
Balance, December 31, 2016	A	\$	<u><u>2,759.00</u></u>

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	182,221.43
Increased by:			
Collection of 2017 Taxes	A-4		<u>251,647.31</u>
		\$	433,868.74
Decreased by:			
Applied to 2016 Taxes	A-8		<u>182,221.43</u>
Balance, December 31, 2016	A	\$	<u><u>251,647.31</u></u>

"A-22"

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF COUNTY TAXES

	<u>REF.</u>		
Balance, December 31, 2015(Payable)	A	\$	5,822.78
Increased by:			
Tax Levy for 2016	A-1:A-8	\$	7,179,779.11
Added Taxes	A-1:A-8		<u>8,295.97</u>
			<u>7,188,075.08</u>
			7,193,897.86
Decreased by:			
Cash Disbursements	A-4		<u>7,185,601.89</u>
Balance, December 31, 2016(Payable)	A	\$	<u><u>8,295.97</u></u>

"A-23"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2015 (Payable)	A	\$	246,388.00
Increased by:			
School Tax Levy 2016	A-1:A-8		<u>23,673,188.00</u>
		\$	<u>23,919,576.00</u>
Decreased by:			
Cash Disbursements	A-4		<u>24,349,727.00</u>
Balance, December 31, 2016 (Prepaid)	A	\$	<u><u>430,151.00</u></u>

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2015	A		\$ 520,042.73
Increased by:			
2016 Appropriations	A-3	\$ 251,201.19	
2015 Appropriations Reserves	A-17	<u>44,362.87</u>	
			<u>295,564.06</u>
			815,606.79
Decreased by:			
Transferred to Appropriation Reserves	A-17		<u>520,042.73</u>
Balance, December 31, 2016	A		<u><u>\$ 295,564.06</u></u>

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER 31, 2015	DECREASED	BALANCE DECEMBER 31, 2016
Special Emergency - Tax Map	\$ 85,000.00	\$ 42,500.00	\$ 42,500.00
Special Emergency - Hurricane Sandy	175,616.10	175,616.10	
Overexpenditure of Appropriations	19,947.91	19,947.91	
	<u>\$ 280,564.01</u>	<u>\$ 238,064.01</u>	<u>\$ 42,500.00</u>
REF.	A		A
Cash Receipts		\$ 86,408.28	
Raised in Budget		<u>151,655.73</u>	
		<u>\$ 238,064.01</u>	

BOROUGH OF ROSELLE

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	300.00
Increased by:			
Federal and State Grants Appropriated	A-14		13,102.50
		\$	<u>13,402.50</u>
Decreased by:			
Transferred to Federal and State Grants Appropriated	A-14		300.00
			<u>300.00</u>
Balance, December 31, 2016	A	\$	<u><u>13,102.50</u></u>

"A-27"

BOROUGH OF ROSELLE

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

REF.

Balance, December 31, 2016 and
December 31, 2015

A

\$ 248,717.95

"A-28"

SCHEDULE OF DCA FEES - DUE STATE OF NEW JERSEY

Balance, December 31, 2015

A

\$ 2,051.00

Increased by:

Cash Receipts

A-4

26,153.00
\$ 28,204.00

Decreased by:

Cash Disbursements

A-4

20,819.00

Balance, December 31, 2016

A

\$ 7,385.00

"A-29"

BOROUGH OF ROSELLE

GRANT FUND

SCHEDULE OF RESERVE FOR TAX MAP AND REVISION
AND RECODIFICATION OF ORDINANCES

REF.

Balance, December 31, 2016 and
December 31, 2015

A

\$ 159,362.50

"A-30"

SCHEDULE OF DUE TO GENERAL CAPITAL FUND

Balance, December 31, 2016 and
December 31, 2015

A

\$ 347,000.00

BOROUGH OF ROSELLE

TRUST FUND

SCHEDULE OF TRUST FUND CASH
COLLECTOR-TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL FUND</u>		<u>OTHER TRUST FUNDS</u>	
Balance, December 31, 2015	B	\$	\$ 8,613.40	\$	3,984,230.43
Increased by Receipts:					
Tax Title Lien Redemption and Premiums	B-2			2,081,535.33	
Due Current Fund	B-14			205,000.00	
Due State of New Jersey	B-4		681.00		
Animal Control License Fees	B-5		2,306.00		
Public Defender	B-6			14,486.50	
Payroll Deductions Payable	B-9			9,634,508.66	
Community Development Block Grant	B-10			10,000.00	
Miscellaneous Trusts	B-13			1,043,892.94	
Parking Offense Adjudication Act	B-7			7,286.00	
Special Law Enforcement	B-12			14,264.45	
SUI	B-8			40,000.00	
Due General Capital Fund	B-15			43,998.54	
			<u>2,987.00</u>		<u>13,094,972.42</u>
Decreased by Disbursements:			<u>11,600.40</u>		<u>\$ 17,079,202.85</u>
Tax Title Lien Redemption and Premiums	B-2			1,632,357.06	
Due State of New Jersey	B-4		687.60		
Payroll Deductions Payable	B-9			9,840,378.39	
Community Development Block Grant	B-11			39,288.27	
Special Law Enforcement	B-12			7,725.46	
Public Defender	B-6			5,600.00	
POAA	B-7			10,453.37	
Miscellaneous Trusts	B-13			1,007,328.01	
Due Current Fund	B-3:B-14		<u>3,805.20</u>	<u>288,845.26</u>	
			<u>4,492.80</u>		<u>12,831,975.82</u>
Balance, December 31, 2016	B	\$	<u><u>7,107.60</u></u>	\$	<u><u>4,247,227.03</u></u>

BOROUGH OF ROSELLE

TRUST OTHER

SCHEDULE OF RESERVE FOR TAX TITLE LIEN REDEMPTIONS AND PREMIUMS

	<u>REF.</u>	
Balance, December 31, 2015	B	\$ 2,170,791.56
Increased by:		
Cash Receipts	B-1	<u>2,081,535.33</u>
		\$ 4,252,326.89
Decreased by:		
Cash Disbursements	B-1	<u>1,632,357.06</u>
Balance, December 31, 2016	B	\$ <u><u>2,619,969.83</u></u>

"B-3"

BOROUGH OF ROSELLE

TRUST FUND

SCHEDULE OF DUE CURRENT FUND -
ANIMAL CONTROL TRUST FUND

REF.

Balance, December 31, 2015, (Due to)	B	\$	3,805.20
Decreased by:			
Cash Disbursements	B-1	\$	<u>3,805.20</u>

"B-4"

SCHEDULE OF DUE STATE OF NEW JERSEY -
ANIMAL CONTROL LICENSE FEES

Balance, December 31, 2015	B	\$	106.80
Increased by:			
Cash Receipts	B-1		<u>681.00</u>
		\$	<u>787.80</u>
Decreased by:			
Cash Disbursements	B-1		<u>687.60</u>
Balance, December 31, 2016	B	\$	<u>100.20</u>

BOROUGH OF ROSELLE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2015	B	\$ 4,701.40
Increased by:		
Dog License Fees Collected	B-1	<u>2,306.00</u>
Balance, December 31, 2016	B	<u><u>\$ 7,007.40</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2014	\$ 4,667.00
2015	<u>2,506.40</u>
	<u><u>\$ 7,173.40</u></u>

"B-6"

BOROUGH OF ROSELLE

TRUST FUND

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	36,637.67
Increased by:			
Cash Receipts	B-1		<u>14,486.50</u>
		\$	51,124.17
Decreased by:			
Cash Disbursements	B-1		<u>5,600.00</u>
Balance, December 31, 2016	B	\$	<u><u>45,524.17</u></u>

"B-7"

SCHEDULE OF PARKING OFFENSE ADJUDICATION ACT FUND

Balance, December 31, 2015	B	\$	20,886.48
Increased by:			
Cash Receipts	B-1		<u>7,286.00</u>
		\$	28,172.48
Decreased by:			
Cash Disbursements	B-1		<u>10,453.37</u>
Balance, December 31, 2016	B	\$	<u><u>17,719.11</u></u>

"B-8"

BOROUGH OF ROSELLE

TRUST FUND

SCHEDULE OF STATE UNEMPLOYMENT INSURANCE

	<u>REF.</u>	
Balance, December 31, 2015	B	\$ 6,092.59
Increased by:		
Cash Receipts	B-1	<u>40,000.00</u>
Balance, December 31, 2016	B	\$ <u><u>46,092.59</u></u>

"B-9"

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2015	B	\$ 376,055.46
Increased by:		
Cash Receipts	B-1	<u>9,634,508.66</u>
		\$ <u>10,010,564.12</u>
Decreased by:		
Cash Disbursements	B-1	<u>9,840,378.39</u>
Balance, December 31, 2016	B	\$ <u><u>170,185.73</u></u>

"B-10"

BOROUGH OF ROSELLE

TRUST FUND

SCHEDULE OF DUE FROM COUNTY OF UNION -
COMMUNITY DEVELOPMENT BLOCK GRANT

	<u>REF.</u>	
Balance, December 31, 2015	B	\$ 39,288.29
Increased by:		
Grant Awarded in 2016	B-11	36,000.00
		<u>\$ 75,288.29</u>
Decreased by:		
Cash Receipts	B-1	10,000.00
		<u>10,000.00</u>
Balance, December 31, 2016	B	<u><u>\$ 65,288.29</u></u>

"B-11"

SCHEDULE OF RESERVES FOR COUNTY OF UNION -
COMMUNITY DEVELOPMENT BLOCK GRANT

Balance, December 31, 2015	B	\$ 39,288.29
Increased by:		
Grant Awarded in 2016	B-10	36,000.00
		<u>\$ 75,288.29</u>
Decreased by:		
Cash Disbursements	B-1	39,288.27
		<u>39,288.27</u>
Balance, December 31, 2016	B	<u><u>\$ 36,000.02</u></u>

"B-12"

SCHEDULE OF RESERVE FOR SPECIAL LAW ENFORCEMENT

Balance, December 31, 2015	B	\$ 59,099.07
Increased by:		
Cash Receipts	B-1	14,264.45
		<u>\$ 73,363.52</u>
Decreased by:		
Cash Disbursements	B-1	7,725.46
		<u>7,725.46</u>
Balance, December 31, 2016	B	<u><u>\$ 65,638.06</u></u>

BOROUGH OF ROSELLE

TRUST OTHER

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2015	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2016
Recycling	\$ 33,495.25	\$	\$ 33,495.25	\$
Centennial Celebration	135.00		135.00	
Escrow Deposits	463,546.51	353,951.77	316,675.55	500,822.73
Accumulated Leave / Absence		25,000.00		25,000.00
Police Department Donation	5,097.23			5,097.23
Snow Removal	9,091.68	24,935.93		34,027.61
Book Bag Drive	700.00	900.00	1,000.00	600.00
21st Century Gala	1,895.00		1,895.00	
Holiday Decorations	691.00		691.00	
Roselle Golf Course	594,395.23		2,846.40	591,548.83
Scholarship Grant/Bus Reimbursement	461.25		461.25	
Recreation	49,142.42	111,594.65	101,956.93	58,780.14
Miscellaneous	36,014.84	15,735.00	49,028.84	2,721.00
Fire Prevention	2,605.81	154.90	2,605.81	154.90
Community Policing Unit	18,465.42	7,226.00	7,199.70	18,491.72
Police Outside Employment	97,440.26	504,394.69	489,112.28	112,722.67
Marriage License Fees	225.00		225.00	
Fees and Permits	120.00			120.00
	<u>\$ 1,313,521.90</u>	<u>\$ 1,043,892.94</u>	<u>\$ 1,007,328.01</u>	<u>\$ 1,350,086.83</u>
REF.	B	B-1	B-1	B

"B-14"

BOROUGH OF ROSELLE

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2015, (Due from)	B	\$	33,949.76
Decreased by:			
Cash Receipts	B-1		<u>205,000.00</u>
Increased by:			
Cash Disbursements	B-1		<u>288,845.26</u>
Balance, December 31, 2016, (Due from)	B	\$	<u><u>117,795.02</u></u>

"B-15"

SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2015, (Due to)	B	\$	35,001.46
Increased by:			
Cash Receipts	B-1		<u>43,998.54</u>
Balance, December 31, 2016, (Due to)	B	\$	<u><u>79,000.00</u></u>

"B-16"

BOROUGH OF ROSELLE

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance, December 31, 2016 and
December 31, 2015 (Due to)

B

\$ 94.00

ANALYSIS OF BALANCE

Description

Amount

Marriage License Fees
Burial Permit Fees

\$ 89.00

5.00

\$ 94.00

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH
TREASURER

	<u>REF.</u>		
Balance, December 31, 2015	C		\$ 4,148,530.06
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-6	\$ 300,000.00	
Grants Accounts Receivable	C-7	279,792.44	
Serial Bonds	C-11	8,499,000.00	
Premium of Bond Anticipation Notes Issued	C-1	236,051.28	
Bond Anticipation Notes	C-14	24,422,877.00	
Deferred Charges to Future Taxation - Unfunded		507,982.25	
Due Current Fund	C-15	<u>53,925.15</u>	
			<u>34,299,628.12</u>
			38,448,158.18
Decreased by Disbursements:			
Bond Anticipation Notes	C-14	\$ 29,729,405.00	
Due Trust Other Fund	C-13	43,998.54	
Contracts Payable	C-10	5,164,681.42	
Deferred Charge Expenditure without an Appropriation	C-20	<u>20,095.31</u>	
			<u>34,958,180.27</u>
Balance, December 31, 2016	C		\$ <u><u>3,489,977.91</u></u>

"C-3"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	BALANCE DECEMBER 31, 2016
Fund Balance	\$ 488,272.05
Capital Improvement Fund	72,846.69
State Aid Accounts Receivable	(2,279,507.20)
Deferred Charges	(20,095.31)
Reserve for State Aid Accounts Receivable	351,003.05
Reserve for Basketball Court Improvements	42,500.00
Contracts Payable	504,977.00
Due Current Fund	54,236.00
Due Federal and State Grant Fund	(347,000.00)
Due Other Trust Fund	(79,000.00)
Improvement Authorizations Funded (Listed on "C-8")	427,563.71
Unidentified Receipts	6,017.44
Reserve to Pay Debt	24,499.37
Bond Anticipation Notes Issued:	
Excess Note Proceeds as Set Forth on "C-5"	696,639.40
Unexpended Note Proceeds as Set Forth on "C-5"	3,845,355.92
Improvement Authorizations:	
Expended as Set Forth on "C-5"	(298,330.21)
	<u>\$ 3,489,977.91</u>
<u>REF.</u>	C

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2015	C	\$	3,303,506.20
Increased by:			
Serial Bonds	C-11		<u>8,499,000.00</u>
		\$	<u>11,802,506.20</u>
Decreased by:			
Payment of Green Trust Loan by Budget	C-9	\$	15,285.91
Payment of EIT Loan by Budget	C-18		72,607.54
Bonds Paid by Budget	C-11		<u>715,000.00</u>
			<u>802,893.45</u>
Balance, December 31, 2016	C	\$	<u><u>10,999,612.75</u></u>

"C-6"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 34,876.69
Increased by:		
2016 Appropriations	C-2	<u>300,000.00</u>
		\$ <u>334,876.69</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>262,030.00</u>
Balance, December 31, 2016	C	\$ <u><u>72,846.69</u></u>

"C-7"

SCHEDULE OF GRANTS ACCOUNTS RECEIVABLE

Balance, December 31, 2015	C	\$ 2,024,396.64
Increased by:		
Improvement Authorizations	C-8	<u>534,903.00</u>
		\$ <u>2,559,299.64</u>
Decreased by:		
Cash Receipts	C-2	<u>279,792.44</u>
Balance, December 31, 2016	C	\$ <u><u>2,279,507.20</u></u>
Pledged to:		
Ordinance		\$ 1,928,504.15
Reserve for Receivables	C	<u>351,003.05</u>
		\$ <u><u>2,279,507.20</u></u>

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2015		2016 AUTHORIZATIONS	EXPENDED	BALANCE DECEMBER 31, 2016	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
2181	Various Capital Improvements	2/27/03	\$ 1,031,738.26	\$ 28,289.42	\$	\$		\$ 28,289.42	\$
2206	Various Capital Improvements	4/21/04	2,298,241.00	23,172.87			20,068.77	3,104.10	
2218	Contribution to Storm Water Program	11/10/04	44,110.00	2,525.00				2,525.00	
2225/2238	Various Capital Improvements	3/16/05	1,743,833.00	1,948.53				1,948.53	
2251	Various Capital Improvements	9/20/09	1,999,000.00		2,404.37				2,404.37
2292	Improvements to Sylvester Land Field	12/19/07	1,320,000.00		6,048.83		2,629.50		3,419.33
2297	Westbrook Flood Control Project	4/16/08	11,700,000.00		322,934.98		48,912.50		274,022.48
2300	Various Road Improvements	7/16/08	3,350,000.00	0.01	6,025.80				6,025.81
2313	Refunding Bond Ordinance	11/12/08	1,300,000.00	35,974.05				35,974.05	
2340	Various Road Improvements	7/15/09	1,600,000.00		28,848.31			28,848.31	
2349	Acquisition of Ambulance	10/21/09	160,000.00		8,500.00				8,500.00
2389	Various Improvements	2/16/11	320,000.00		3,316.69		336.50	2,980.19	
2396	Various Improvements	4/20/11	4,574,800.00		160,982.19		160,982.19		
2407	Sanitary Sewer System Improvements	9/21/11	2,900,000.00		205,648.28		1,259.50	204,388.78	
2408	Various Park Improvements	8/27/11	1,700,000.00		3.00			3.00	
2459	Acquisition of Property	7/17/13	403,000.00		129,383.45		41,285.40	88,098.05	
2478	Various Improvements	1/22/14	5,746,733.00		597,437.80		179,152.49		418,285.31
2507	Acquisition of Property	11/12/14	200,000.00	10,000.00	190,000.00		3,136.25	6,863.75	190,000.00
2510	Acquisition of Communication System	11/12/14	1,750,000.00		25,882.00				25,882.00
2519	Various Improvements	9/23/15	4,023,855.00		2,575,276.42		2,213,379.26		361,897.16
2533	Improvements to CRRP	3/9/16	1,700,000.00			1,700,000.00	514,702.40		1,185,297.60
2541	Various Improvements	6/15/16	3,490,500.00			3,490,500.00	708,142.47	24,540.53	2,757,817.00
2547	Various Improvements	9/21/16	585,000.00			585,000.00	122,135.35		462,864.65
			\$	101,909.88	4,262,692.12	5,775,500.00	4,016,122.58	427,563.71	5,696,415.71
				C	C		C-10	C-C-3	C-C-5
		REF.							
	Deferred Charges to Future Taxation-Unfunded				\$	4,978,567.00			
	Grants	C-7				534,903.00			
	Capital Improvement Fund	C-6				262,030.00			
					\$	5,775,500.00			

"C-9"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOANS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 89,217.31
Decreased by:		
Loans Paid by Budget	C-4	<u>15,285.91</u>
Balance, December 31, 2016	C	<u>\$ 73,931.40</u>

"C-10"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2015	C	\$ 1,653,535.84
Increased by:		
Charges to Improvement Authorizations	C-8	<u>4,016,122.58</u>
		\$ 5,669,658.42
Decreased by:		
Cash Disbursements	C-2	<u>5,164,681.42</u>
Balance, December 31, 2016	C	<u>\$ 504,977.00</u>

BOROUGH OF ROSELLE
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016				
			DATE	AMOUNT									
Refunding Bonds - ERIP	04/01/03	\$	145,000.00	04/01/17-18	\$	15,000.00	5.29%	\$	45,000.00	\$	15,000.00	\$	30,000.00
General Improvements	06/01/05	4,363,000.00	06/01/17	06/01/18	450,000.00	453,000.00	3.650%	3.650%	1,353,000.00	450,000.00	903,000.00		
Refunding Bonds	09/15/11	1,520,000.00	03/15/17	245,000.00	3.000%	495,000.00	250,000.00	245,000.00					
Various General Improvements	05/01/16	8,499,000.00	05/01/17	275,000.00	2.000%								
			05/01/18	275,000.00	2.000%								
			05/01/19	430,000.00	2.000%								
			05/01/20	435,000.00	2.000%								
			05/01/21	440,000.00	2.000%								
			05/01/22	450,000.00	2.000%								
			05/01/23	460,000.00	2.000%								
			05/01/24	470,000.00	2.000%								
			05/01/25	480,000.00	2.000%								
			05/01/26	490,000.00	2.000%								
			05/01/27	505,000.00	2.000%								
			05/01/28	515,000.00	3.000%								
			05/01/29	530,000.00	3.000%								
			05/01/30	545,000.00	3.000%								
			05/01/31	550,000.00	3.000%								
			05/01/32	550,000.00	3.000%								
			05/01/33	550,000.00	3.000%								
			05/01/34	549,000.00	3.000%								
						8,499,000.00	8,499,000.00	8,499,000.00					
						\$	1,893,000.00	\$	8,499,000.00	\$	715,000.00	\$	9,677,000.00
REF.						C	C-4	C-4	C				
C-5							\$	715,000.00					
C-19							\$	24,499.37					
							\$	8,474,500.63					
							\$	8,499,000.00					

Paid by Budget Appropriation

Reserve for Debt Service
Deferred Charges to Future Taxation - Funded

"C-12"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF DUE GRANT FUND

	<u>REF.</u>	
Balance, December 31, 2016 and December 31, 2015	C	\$ <u>347,000.00</u>

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF DUE OTHER TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2015 (Due From)	C	\$ 35,001.46
Increased by:		
Cash Disbursements	C-2	<u>43,998.54</u>
Balance, December 31, 2016 (Due From)	C	<u>\$ 79,000.00</u>

"C-15"

BOROUGH OF ROSELLE
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2015 (Due To)	C	\$ 310.85
Increased by:		
Cash Receipts	C-2	<u>53,925.15</u>
Balance, December 31, 2016 (Due To)	C	<u>\$ 54,236.00</u>

"C-16"

SCHEDULE OF RESERVE FOR BASKETBALL COURT IMPROVEMENTS

Balance, December 31, 2016 and December 31, 2015	C	\$ <u>42,500.00</u>
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"C-17"

SCHEDULE OF RESERVE FOR UNIDENTIFIED RECEIPTS

Balance, December 31, 2016 and December 31, 2015	C	\$ <u>6,017.44</u>
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"C-18"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 1,321,288.89
Decreased by:		
Paid by Budget	C-4	<u>72,607.54</u>
Balance, December 31, 2016	C	<u>\$ 1,248,681.35</u>

"C-19"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE TO PAY DEBT

	<u>REF.</u>	
Increased by:		
Reserve for Debt Service	C-11	\$ <u>24,499.37</u>
Balance, December 31, 2016	C	\$ <u><u>24,499.37</u></u>

"C-20"

SCHEDULE OF DEFERRED CHARGES

Increased by:		
Expenditure Without an Appropriation		
Cash Disbursements	C-2	\$ <u>20,095.31</u>
Balance, December 31, 2016	C	\$ <u><u>20,095.31</u></u>

"C-21"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT AUTHORIZATION</u>	<u>BALANCE DECEMBER 31, 2016</u>
2292	Improvements to Sylvester Land Field	\$ 12,195.00
2300	Various Road Improvements	59,195.00
2349	Acquisition of Ambulance	152,000.00
2507	Acquisition of Property	190,000.00
2541	Various Improvements	1,180,250.00
2547	Various Improvements	<u>555,750.00</u>
		\$ <u><u>2,149,390.00</u></u>

BOROUGH OF ROSELLE
AFFORDABLE HOUSING UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>
Balance, December 31, 2015	D	\$ 25,859.88
Decreased by Disbursements:		
Appropriation Reserves	D-8	\$ 22,213.79
Miscellaneous	D-1	3,646.09
		<u>\$ 25,859.88</u>

"D-8"

BOROUGH OF ROSELLE

AFFORDABLE HOUSING UTILITY OPERATING FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, <u>2015</u>	BALANCE AFTER <u>TRANSFERS</u>	PAID OR <u>CHARGED</u>	<u>LAPSED</u>
Operating:				
Other Expenses	\$ <u>22,213.79</u>	\$ <u>22,213.79</u>	\$ <u>22,213.79</u>	\$ <u> </u>
	\$ <u><u>22,213.79</u></u>	\$ <u><u>22,213.79</u></u>	\$ <u><u>22,213.79</u></u>	\$ <u><u> </u></u>
<u>REF.</u>	D		D-4	D-1

BOROUGH OF ROSELLE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH-TREASURER

	<u>REF.</u>	<u>P.A.T.F. I ACCOUNT</u>	<u>FUND TOTAL</u>
Balance, December 31, 2016 and December 31, 2015	E	\$ <u>13,800.34</u>	\$ <u>13,800.34</u>

BOROUGH OF ROSELLE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION PER N.J.S.A. 40A:5-5

REF.

Balance, December 31, 2016 and
Balance, July 31, 2017

E-1

\$ 13,800.34

Reconciliation, July 31, 2017

P.A.T.F. I
ACCOUNT

TOTAL

Balance on Deposit Per Statement of:
TD Bank
Account #7861791270

\$ 13,800.34 \$ 13,800.34

Balance, July 31, 2017

\$ 13,800.34 \$ 13,800.34

BOROUGH OF ROSELLE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION AS OF DECEMBER 31, 2016

Balance, December 31, 2016 and
December 31, 2015

\$ 13,800.34

Reconciliation, December 31, 2016

Balance on Deposit Per Statement of:
TD Bank
Account #7861791270

P.A.T.F. I
ACCOUNT

TOTAL

\$ 13,800.34 \$ 13,800.34

Balance, December 31, 2016

\$ 13,800.34 \$ 13,800.34

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BOROUGH OF ROSELLE

PART II

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

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

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



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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E-mail info@senco.com

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

The Honorable Mayor and Members
of the Borough Council
Borough of Roselle
County of Union
Roselle, New Jersey 07203

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Roselle, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated August 31, 2017. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Roselle prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough of Roselle'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. However, we noted other matters involving internal control that we have reported to the Borough of Roselle in the General Comments and Recommendations of this report.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Roselle's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Roselle's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 419

August 31, 2017

BOROUGH OF ROSELLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>GRANT PERIOD FROM TO</u>	<u>GRANT AWARD AMOUNT</u>	<u>2016 FUNDS RECEIVED</u>	<u>2016 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2016</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Passed Through County of Union:							
Community Development Block Grant Program:							
Chestnut Streetscape (Ord. 2225)	14.218	004-161	09/01/04 08/31/05	\$ 220,000.00	\$	\$	194,042.00
Senior Citizen Community Center Renovations Program	14.218	009-059	09/01/09 08/31/10	60,000.00			42,667.62
Roselle Street Improvement	14.218	009-163	09/01/09 08/31/10	125,000.00			125,000.00
Senior Citizen Community Center Renovations Program	14.218	010-059	09/01/10 08/31/11	25,000.00			25,000.00
Senior Citizen Community Center Renovations Program	14.218	011-059	09/01/11 08/31/12	17,000.00			14,720.00
Roselle Road Rehabilitation	14.218	015-163	09/01/15 08/31/16	155,000.00	155,000.00	155,000.00	155,000.00
Senior Citizen Bus	14.218	015-276	09/01/15 08/31/16	12,500.00		155,000.00	12,500.00
Code Enforcement Program	14.218	015-446	09/01/15 08/31/16	40,000.00		2,705.25	40,000.00
Roselle First Workforce	14.218	015-277	09/01/15 08/31/16	10,000.00	10,000.00	26,583.04	10,000.00
Roselle Road Rehabilitation	14.218	016-163	09/01/16 08/31/17	140,000.00		10,000.00	
Senior Citizen Bus	14.218	016-276	09/01/16 08/31/17	12,000.00			
Code Enforcement Program	14.218	016-446	09/01/16 08/31/17	24,000.00			
<u>Passed Through State of New Jersey</u>							
Neighborhood Stabilization Grant	14.264			2,500,000.00			2,492,891.34
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>							
<u>Passed Through State of New Jersey</u>							
Summer Food Service Program for Children	10.559	3350-100-033-2012-2012			165,000.00	194,288.29	3,111,820.96
<u>U. S. Department of Homeland Security</u>							
<u>Pass through State of New Jersey</u>							
Hazard Mitigation Grant	97.039		Continuous	75,000.00		45,898.22	45,898.22

BOROUGH OF ROSELLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2016 FUNDS RECEIVED	2016 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
		FROM	TO				
<u>DEPARTMENT OF TRANSPORTATION</u>							
<u>Passed Through State of New Jersey</u>							
20.205		Continuous		\$ 500,000.00	\$		\$ 363,395.66
20.205		Continuous		233,965.00			157,961.56
20.205	99-2016-2010-078-6300-480-FUJ	Continuous		500,000.00			500,000.00
20.205		Continuous		360,000.00			135,000.00
20.205		Continuous		729,000.00			400,800.25
20.205	6320-480-078-6320-AIJ/AIH-TCAP-6010	Continuous		57,266.75			57,266.75
20.205	6320-480-078-6320-AKE-TCAP-6010	Continuous		200,500.00	50,125.00		200,500.00
20.205	480-078-6320-ALL/AIJ-TCAP-6010	Continuous		531,243.00			218,505.00
20.205	480-078-6300-AEJ-TCAP-6010	Continuous		41,340.00	41,340.00		41,340.00
20.205	480-078-6320-ALS-TCAP-6010	Continuous		31,495.00	31,495.00		31,495.00
20.205	480-078-6320-ALW-TCAP-6010	Continuous		239,903.00	179,927.25		179,927.25
20.205	480-078-6320-ALS-TCAP-6010	Continuous					
				302,887.25	302,887.25		2,493,191.47
<u>National Highway Traffic Safety Administration</u>							
20.616		Various		12,921.70		10,875.30	12,921.70
20.616	066-1160-100-157	Various		10,000.00	9,475.00	7,338.93	7,338.93
20.616	066-1160-100-157	Various		4,750.00		4,750.00	4,750.00
					9,475.00	22,964.23	25,010.63
<u>DEPARTMENT OF LABOR</u>							
<u>Pass Through County of Union</u>							
17.258				90,000.00	90,000.00	49,533.20	79,339.67
17.258				45,000.00	19,298.10	17,429.72	45,000.00
17.258				79,095.88		14,389.51	79,095.88
					109,298.10	81,352.43	203,435.55
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>							
16.607		Continuous	N/A	3,997.00			3,997.00
16.607		Continuous	N/A	9,497.00			9,497.00
16.607		Continuous	N/A	3,997.00			3,997.00
16.607		Continuous	N/A	2,224.87			2,224.87
16.607		Continuous	N/A	3,487.50			
							19,715.87
				\$ 586,660.35	\$ 647,390.42	\$	5,899,072.70

BOROUGH OF ROSELLE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2016

STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2016 FUNDS RECEIVED	2016 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
		FROM	TO				
DEPARTMENT OF ENVIRONMENTAL PROTECTION							
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	Continuous		\$ 35,478.32	\$	35,478.32	35,478.32
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	Continuous		40,507.53	40,507.53	20,500.01	20,500.00
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		36,648.00		5,448.58	36,648.00
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		52,423.32		40,123.29	40,123.29
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		44,737.56			
Multi-Park Improvement -Ord. 2408	4800-533-852000-60	Continuous		800,000.00			471,397.02
Various Streets - Ord 2297 - Westbrook Flood Control Project	4800-520-880620-60	Continuous		5,055,000.00			5,055,000.00
				40,507.53		101,550.20	5,659,146.63
DEPARTMENT OF COMMUNITY AFFAIRS							
Recreational Opportunities for Individuals with Disabilities (ROID)	22-8050-100-035-15	Continuous		15,000.00	15,000.00		15,000.00
Recreational Opportunities for Individuals with Disabilities (ROID)	22-8050-100-035-15	Continuous		15,000.00	12,000.00		12,000.00
Pass Through County of Union Alliance Grant	15-ALL-105	7/1/15	6/30/16	31,203.59	18,863.51	15,242.47	31,203.59
Pass Through County of Union Alliance Grant	16-ALL-105	7/1/16	6/30/17	18,686.00		1,146.55	1,146.55
				33,863.51		43,389.02	59,350.14
DEPARTMENT OF LAW AND PUBLIC SAFETY							
Drunk Driving Enforcement Fund-Prior Year	6400-100-078-6400-YYY	Continuous		43,535.19			29,739.39
Alcohol Education and Rehabilitation	9735-760-098-4900-001-X100-6020	Continuous		9,421.94			4,254.66
Alcohol Education and Rehabilitation	9735-760-098-4900-001-X100-6020	Continuous		2,121.59		1,967.50	1,967.50
Alcohol Education and Rehabilitation	9735-760-098-4900-001-X100-6020	Continuous		1,510.79	1,510.79		
Body Armor Replacement Fund	1020-718-066-1020-001-YCJS-6120	Continuous		32,529.05		19,530.00	29,798.79
Body Armor Replacement Fund	1020-718-066-1020-001-YCJS-6120	Continuous		5,383.26			
Body Armor Replacement Fund	1020-718-066-1020-001-YCJS-6120	Continuous		5,071.32	5,071.32		
Safe and Secure Community	066-1020-100-232-06	Continuous		60,000.00	60,000.00	60,000.00	60,000.00
Safe and Secure Community	066-1020-100-232-06	Continuous		60,000.00	60,000.00	60,000.00	60,000.00
Over the Limit Under Arrest		Continuous		3,623.78		3,623.78	3,623.78
				126,582.11		145,121.28	189,384.12
DEPARTMENT OF TREASURY							
Development of Elderly Programs	05-100-094-9420-047	7/1/04	6/30/06	10,000.00			9,115.70
				\$ 200,953.15	\$	290,060.50	5,916,986.59

BOROUGH OF ROSELLE

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

YEAR ENDED DECEMBER 31, 2016

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards of the Borough of Roselle, County of Union, New Jersey. All federal and state financial awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis. The Borough has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in either the Current Fund, General Capital Fund or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS-REGULATORY BASIS (CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 118,773.10	\$ 200,953.15	\$ 1,580.00	\$ 321,306.25
General Capital Fund	457,887.25			457,887.25
Trust Fund	<u>10,000.00</u>	<u></u>	<u></u>	<u>10,000.00</u>
	<u>\$ 586,660.35</u>	<u>\$ 200,953.15</u>	<u>\$ 1,580.00</u>	<u>\$ 789,193.50</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 150,114.88	\$ 290,060.50	\$ 78,446.15	\$ 518,621.53
General Capital Fund	457,887.25			457,887.25
Trust Fund	<u>39,288.29</u>	<u></u>	<u></u>	<u>39,288.29</u>
	<u>\$ 647,290.42</u>	<u>\$ 290,060.50</u>	<u>\$ 78,446.15</u>	<u>\$ 1,015,797.07</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedule.

PART III

BOROUGH OF ROSELLE

STATISTICAL DATA

LIST OF OFFICIALS

GENERAL COMMENTS AND RECOMMENDATIONS

FISCAL YEAR ENDED DECEMBER 31, 2016

STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND

	2016		2015	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,500,000.00	2.07%	\$ 563,915.00	0.80%
Miscellaneous - From Other Than Local Property Tax Levies	8,472,648.32	11.67%	8,244,786.63	11.63%
Collection of Current Tax Levy	60,325,920.24	83.09%	59,603,557.30	84.09%
Collection of Delinquent Taxes and Tax Title Liens	<u>2,304,848.76</u>	<u>3.17%</u>	<u>2,469,540.94</u>	<u>3.48%</u>
<u>Total Income</u>	<u>\$ 72,603,417.32</u>	<u>100.00%</u>	<u>\$ 70,881,799.87</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 38,188,481.38	54.45%	\$ 37,082,312.86	53.70%
County Taxes	7,188,075.08	10.25%	7,180,789.40	10.40%
Local School Taxes	23,673,188.00	33.76%	23,907,576.00	34.62%
Other Expenditures	<u>1,079,291.89</u>	<u>1.54%</u>	<u>878,056.01</u>	<u>1.27%</u>
<u>Total Expenditures</u>	<u>\$ 70,129,036.35</u>	<u>100.00%</u>	<u>\$ 69,048,734.27</u>	<u>100.00%</u>
Excess in Revenue	\$ 2,474,380.97		\$ 1,833,065.60	
Adjustments to Income Before Surplus:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year			<u>19,947.91</u>	
Statutory Excess to Fund Balance	\$ 2,474,380.97		\$ 1,853,013.51	
Fund Balance, January 1	<u>2,407,426.94</u>		<u>1,118,328.43</u>	
	\$ 4,881,807.91		\$ 2,971,341.94	
Decreased by:				
Utilization as Anticipated Revenue	<u>1,500,000.00</u>		<u>563,915.00</u>	
Fund Balance, December 31	<u>\$ 3,381,807.91</u>		<u>\$ 2,407,426.94</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$8.078</u>	<u>\$8.077</u>	<u>\$7.852</u>
Apportionment of Tax Rate:			
Municipal	4.032	3.985	3.885
Library	0.057	0.058	0.056
County	0.928	0.931	0.874
Local School	3.061	3.103	3.037

Assessed Valuations:

2016	<u>\$773,391,682.00</u>		
2015		<u>\$770,539,160.00</u>	
2014			<u>\$771,937,195.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH</u> <u>COLLECTION</u>	<u>CURRENTLY</u> <u>PERCENTAGE OF</u> <u>COLLECTIONS</u>
2016	\$62,658,107.04	\$60,325,920.24	96.28%
2015	\$62,376,138.22	\$59,603,557.30	95.56%
2014	\$60,747,514.11	\$58,063,813.85	95.58%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2016	\$576,687.47	\$1,993,780.64	\$2,570,468.11	4.10%
2015	\$490,948.40	\$2,327,636.73	\$2,818,585.13	4.52%
2014	\$567,616.04	\$2,303,655.19	\$2,871,271.23	4.73%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>YEAR</u>	<u>AMOUNT</u>
2016	\$2,027,232.00
2015	\$2,027,232.00
2014	\$2,027,232.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>YEAR END BALANCE</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2016	\$3,381,807.91	\$1,850,000.00
	2015	\$2,407,426.94	\$1,500,000.00
	2014	\$1,148,187.50	\$563,915.00
	2013	\$2,335,369.83	\$1,500,000.00
	2012	\$2,568,329.88	\$1,021,655.00
	<u>YEAR</u>	<u>YEAR END BALANCE</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Affordable Housing Utility Operating Fund	2016	\$-0-	\$-0-
	2015	\$3,646.09	\$-0-
	2014	\$33,699.85	\$33,000.00
	2013	\$113,793.04	\$95,000.00
	2012	\$165,322.55	\$82,613.18

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF CORPORATE OR PERSONAL SURETY</u>
Christine Dansereau	Mayor	*	
Yves Aubourg	Council President	*	
Reginald Atkins	Councilman	*	
Andrea Staten	Councilwoman	*	
Kim Shaw	Councilwoman	*	
Samuel Bishop	Councilman	*	
Ronald Hayman	Councilman	*	
David Brown	Administrator	*	
Lydia Agbejimi	Deputy Clerk	*	
Kimberly Browne	CFO	1,000,000.00	PE JIF
Carl Marshall	Magistrate	1,000,000.00	PE JIF
Vivian Hoff	Court Administrator	1,000,000.00	PE JIF
Rachel Caruso	Attorney	*	
Sharon Curran	Tax Collector	1,000,000.00	PE JIF
Pamela Steele	Tax Assessor	*	
Gerard Orlando	Police Chief	*	
Paul Mucha	Fire Chief	*	

*Public Employees Blanket Bond of \$1,000,000.00 issued by the Public Entity Joint Insurance Fund.

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GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

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 Section 3 of P.L. 1971 c. 198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2015, the bid threshold was \$17,500.00. The Borough increased the bid threshold to \$40,000.00 by appointing a Qualified Purchasing Agent (QPA).

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

Road Improvements
Demolition

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

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were awarded during 2016 for the professional services:

Labor Counsel
Municipal Auditor
Engineering Services
Other Legal Services
Consultants
Tax Appeal Counsel
Special Counsel
Planner
Architects
Appraiser

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 20, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED by the Mayor and Council of the Borough of Roselle that the Tax Collector is required to collect interest on delinquent taxes at the rate of eight (8%) percent per annum upon delinquent taxes, assessments and other municipal charges on the first One Thousand Five Hundred (\$1,500.00) dollars of the delinquency and at the rate of eighteen (18%) percent on any amount in excess of One Thousand Five Hundred (\$1,500.00) dollars.

BE IT FURTHER RESOLVED that the Tax Collector shall grant a grace period of ten days within which an installment of taxes, assessment or municipal charge may be received without an additional charge for interest, and

BE IT FURTHER RESOLVED that any installment received after the expiration date of this grace period would bear interest from the due date.”

It appears from our examination of the records that interest was collected in accordance with the foregoing resolution.

TAX TITLE LIENS

The last tax sale was held on December 9, 2016.

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2016	15
2015	15
2014	17

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payment of 2017	25
Payment of 2016	25
Delinquent Taxes	25

OTHER COMMENTS

Interfund Balances

As a general rule, all interfund balances should be closed out before the end of the year. Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. There are interfund balances open at December 31, 2016 on the balance sheets of the Borough.

Municipal Court

The fines and costs and bail bank accounts were not reconciled with the ATS/ACS computer system.

We noted several tickets in excess of 6 months old on the "Assigned Not Issued" report.

Payroll

The Net Payroll and Agency Bank Accounts were not reconciled on a timely basis.

We noted that the Borough did not have a contract with the outside payroll service provider that meets the requirements of N.J.A.C. 5:30-17.6.

We noted that the outside payroll service provider incorrectly debited the Borough's payroll agency account for employer portion of unemployment taxes.

An analysis of the balance on account in the Payroll Agency account was not properly maintained and reconciled to the balance on deposit in the Payroll Agency bank account.

Tax Collector

We noted a lack of segregation of duties in the tax office. The tax clerk is the only employee responsible for accepting payments, recording receipts, preparing deposit slips and proving daily batch totals.

The balance on deposit in the Tax Title Lien Redemption Bank Account was not reconciled with the records maintained in the Tax Collectors office.

OTHER COMMENTS (CONTINUED)

Departments

The audit of the condition of records maintained by the various departments of the Borough were designed to determine whether minimum levels of internal controls and accountability were maintained, that cash receipts were deposited or turned over to the Treasurer within 48 hours per N.J.S.A. 40A:5-15 and that the amounts collected were in accordance with various ordinances, statutes, contracts or agreements. Our audit revealed the following exceptions:

Public Works:

An adequate detailed cash receipts ledger was not maintained.

Police Department:

Receipts collected were not always turned over to the Treasurer within 48 hours per N.J.S.A. 40A:5-15.

An adequate detailed cash receipts ledger was not maintained.

Recreation

An adequate detailed cash receipts ledger was not maintained.

Not all fees are set by Ordinance.

Fixed Assets

Land and Building were not recorded on the Borough's record of General Fixed Assets.

Treasurer

The General Ledgers were not adequately maintained and reconciled to the subsidiary tax ledgers and reports on a timely basis.

We noted numerous grants receivable and appropriated grant reserves from prior years which should be reviewed for possible collection or cancellation.

We noted that disbursements were made in the General Capital Fund without adequate appropriations.

Our examination of the detailed analysis of Police Outside Overtime escrow deposits showed several deficit balances. Per Local Finance Notice 2000-14 escrow deposits are to be received in advance of services rendered.

RECOMMENDATIONS

*That the Municipal Court:

- *Reconcile the fines and costs and bail bank accounts with the ATS/ACS computer system on a monthly basis.

- *Investigate and clear all tickets on the "Assigned but not Issued Report."

*That the Net Payroll and Agency Bank Accounts be properly reconciled on a timely basis.

*That the Borough's obtain a contract for the third party payroll provider in accordance with N.J.A.C. 5:30-17 and Local Finance Notice 2003-15.

That the Borough monitor the payroll disbursements debited to the Borough's Payroll Agency Bank Account by the third party payroll provider.

*That an analysis of the balance on account in the Payroll Agency account be properly maintained.

*That the lack of segregation of duties in the tax department be addressed.

*That the balance in the Tax Title Lien Redemption Bank Account be reconciled with the records maintained in the Tax Collector's office.

*That all Borough Departments:

- *Either Deposit or remit all receipts to the Treasurer within 48 hours per N.J.S.A. 40A:5-15.

- *Maintain adequate records for of all cash receipts collected and that they be reconciled with the Treasurer on a monthly basis.

*That land and building be recorded on the record of general fixed assets in accordance with N.J.A.C. 5:30-5.6.

*That the General Ledgers be adequately maintained and reconciled to the subsidiary tax and appropriations ledgers reports on a timely basis.

*That all grant receivable and appropriated reserve balances be reviewed for possible, collection, cancellation or expenditure as appropriate.

*That sufficient appropriation balances be available prior to the commitment or expenditure of funds.

*That delinquent balances from vendors who owe the Borough for Police Outside Overtime services be investigated and cleared of record.

*Prior Year Recommendations

