

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

BOROUGH OF OAKLAND

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BOROUGH OF OAKLAND

BERGEN COUNTY

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Oakland, as of December 31, 2017, and the related statements of operations and changes in fund balance - regulatory basis, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the year ended December 31, 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 15 and 13 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2017 and 2016.

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Prior Year’s Financial Statements Audited by Other Auditors

The financial statements of the Borough of Oakland as of and for the year ended December 31, 2016 were audited by other auditors whose report dated June 30, 2017 expressed an adverse opinion on the financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America but rather the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. Their report also expressed a modified opinion on those financial statements – regulatory basis prepared in accordance with the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Other Information


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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 17, 2019 on our consideration of the Borough of Oakland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Oakland's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Oakland's internal control over financial reporting and compliance.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
January 17, 2019

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

ASSETS	Reference	2017	2016
Cash	A-4	\$ 11,042,322	\$ 6,921,145
Cash - Change Funds	A-5	250	250
Grants Receivable	A-9	<u>340,219</u>	<u>368,619</u>
		<u>11,382,791</u>	<u>7,290,014</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-7	6,995	18,587
Tax Title Liens Receivable	A-8	296,471	270,910
Property Acquired for Taxes - Assessed Valuation	A	1,054,950	1,054,950
Prepaid Local School Taxes	A		5,511
Due from Animal Control Trust Fund	B-5		7,000
Due from Other Trust Fund	B-10		489
Due from General Capital Fund	C-4	<u>-</u>	<u>1,048</u>
		<u>1,358,416</u>	<u>1,358,495</u>
Total Assets		<u>\$ 12,741,207</u>	<u>\$ 8,648,509</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3, A-11	\$ 1,793,319	\$ 1,567,723
Encumbrances/Accounts Payable	A-12	543,435	760,364
Prepaid Taxes	A-13	3,863,483	467,040
Tax Overpayments	A-14	83,246	16,996
County Taxes Payable	A-15	11,340	
Due to Municipal Open Space Trust Fund	B-15	408	
Due to Water Utility Operating Fund	D-11		1,065
Reserve for Tax Appeals	A-18	100,598	73,216
Reserve for Special Emergency Appropriation	A	19,012	19,012
Reserve for Library Tax Payable	A	10,138	10,138
Appropriated Grant Reserves	A-19	444,592	427,621
Unappropriated Grant Reserves	A-20	27,334	2,676
Due to State of New Jersey			
Senior Citizens and Veterans	A-6	250	
Marriage License Fees Payable	A-22	25	
DCA Construction Code Fees Payable	A-21	<u>3,354</u>	<u>4,196</u>
		6,900,534	3,350,047
Reserve for Receivables and Other Assets	A	1,358,416	1,358,495
Fund Balance	A-1	<u>4,482,257</u>	<u>3,939,967</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 12,741,207</u>	<u>\$ 8,648,509</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,198,000	\$ 860,000
Miscellaneous Revenues Anticipated	5,900,181	3,438,472
Receipts from Delinquent Taxes	23,646	28,497
Receipts from Current Taxes	60,762,716	58,816,021
Non-Budget Revenue	204,753	98,622
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	964,541	956,772
Cancellations	6,350	468,614
Prior Year Prepaid School Tax	5,511	
Interfunds Liquidated	8,537	-
	<u>69,074,235</u>	<u>64,666,998</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	6,965,800	7,114,050
Other Expenses	7,743,233	7,438,115
Capital Improvements	900,000	900,000
Municipal Debt Service	3,903,504	1,405,564
Deferred Charges and Statutory Expenditures	1,763,079	1,731,441
County Taxes	5,807,277	5,739,615
County Open Space Preservation	240,788	59,218
County Share of Added and Omitted Taxes	11,340	8,962
Local District School Taxes	28,088,656	27,568,979
Regional School Taxes	11,673,969	11,009,129
Municipal Open Space Taxes	222,233	217,475
Other Debits		
Prior Year Senior Citizens and Veterans Disallowed	3,750	
Refund of Prior Year Revenue	10,316	
Deferred School Tax		11,022
Grant Fund Adjustments	-	5,508
	<u>67,333,945</u>	<u>63,209,078</u>
Total Expenditures		
Excess in Revenue	1,740,290	1,457,920
Fund Balance, January 1	<u>3,939,967</u>	<u>3,342,047</u>
	5,680,257	4,799,967
Decreased by:		
Utilization as Anticipated Revenue	<u>1,198,000</u>	<u>860,000</u>
Fund Balance, December 31	<u>\$ 4,482,257</u>	<u>\$ 3,939,967</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>Special NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	<u>\$ 1,198,000</u>	<u>-</u>	<u>\$ 1,198,000</u>	<u>-</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	24,000		24,450	\$ 450
Other	20,000		31,263	11,263
Fees and Permits				
Construction Code Official	210,000		199,643	(10,357)
Other	160,000		173,952	13,952
Fines and Costs				
Municipal Court	108,500		128,911	20,411
Interest and Costs on Taxes	60,000		64,226	4,226
Interest on Investments and Deposits	20,000		73,120	53,120
Recreation Fees	463,300		434,169	(29,131)
Energy Receipts Tax	1,312,169		1,312,169	-
Public and Private Revenues Offset with Appropriations				
Recycling Tonnage Grant	23,545		23,545	
Municipal Alliance for Alcoholism and Drug Abuse	9,876		9,876	
NJ Motor Vehicle Service Police Fees	94,000		62,723	(31,277)
Alcohol Education and Rehabilitation Fund	236		236	
Body Armor Grant	2,440	2,428	4,868	
Drunk Driving Enforcement Fund		1,369	1,369	
Sustainable Jersey Small Grants Program		2,000	2,000	-
Clean Communities Program		27,000	27,000	
Other Special Items				
Uniform Fire Safety Act	29,000		28,749	(251)
Reserve for Payment of Open Space Debt Service	200,000		200,000	-
Cellular Tower Lease	155,000		148,966	(6,034)
Cablevision Franchise Fee	124,900		128,309	3,409
Verizon Franchise Fee	70,800		70,825	25
Real Property Lease	72,000		75,314	3,314
Sale of Recyclables	3,000		24,905	21,905
Shared Service Agreement - School Crossing Guards	5,500		6,441	941
Off Duty Police Officers Administrative Fees	13,500		14,827	1,327
Pension Reimbursement - Library	36,700		36,700	
Pension Reimbursement - Water Utility	57,925		57,925	
Pension Reimbursement - Sewer Utility	8,700		8,700	
Reserve for Payment of Debt Service	2,525,000	-	2,525,000	-
Total Miscellaneous Revenues	<u>5,810,091</u>	<u>32,797</u>	<u>5,900,181</u>	<u>57,293</u>
RECEIPTS FROM DELINQUENT TAXES	<u>4,900</u>	<u>-</u>	<u>23,646</u>	<u>18,746</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	13,878,024		14,366,554	488,530
Minimum Library Tax	801,900	-	801,900	-
	<u>14,679,924</u>	<u>-</u>	<u>15,168,454</u>	<u>488,530</u>
Total General Revenues	<u>\$ 21,692,915</u>	<u>\$ 32,797</u>	<u>22,290,281</u>	<u>\$ 564,569</u>
Non-Budget Revenue			<u>204,753</u>	
			<u>\$22,495,034</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

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

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenue from Collections	\$ 60,762,716
Less: Allocation to School, County and Municipal Open Space Taxes	<u>46,044,262</u>
	14,718,454
 Add: Appropriation "Reserve for Uncollected Taxes"	 <u>450,000</u>
 Balance for Support of Municipal Budget Appropriations	 <u>\$ 15,168,454</u>
 Interest on Investments and Deposits	
Revenue Accounts Receivable	\$ 64,057
Due from Animal Control Trust Fund	64
Due from Unemployment Insurance Trust Fund	701
Due from General Capital Fund	<u>8,298</u>
	<u>\$ 73,120</u>
 Analysis of Non-Budget	
Hurricane Sandy Reimbursements	\$ 26,491
JIF Dividend	19,029
Cancellation of Stale Dated Checks	16,709
False Alarm Fees	5,162
NJMVS Inspection Fines	3,207
Administration Fee - Senior and Veterans	1,825
Duplicate Tax Bill Fees	600
Tax Assessor Fees	520
Hotel Tax	479
Sale of Municipal Assets	25,844
Miscellaneous	<u>104,887</u>
	<u>\$ 204,753</u>

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 222,000	\$ 222,000	\$ 211,634	\$ 10,366	
Other Expenses	7,000	7,000	2,777	4,223	
Communications Committee					
Other Expenses	12,000	12,000	6,160	5,840	
General Services					
Salaries and Wages	90,000	90,000	89,142	858	
Other Expenses	66,500	66,500	65,448	1,052	
Mayor and Council					
Salaries and Wages	48,350	48,350	47,580	770	
Other Expenses	30,000	30,000	28,183	1,817	
Municipal Clerk					
Salaries and Wages	84,850	84,850	83,167	1,683	
Other Expenses	21,300	21,300	16,275	5,025	
Elections					
Salaries and Wages	2,150	2,150	2,150	-	
Other Expenses	12,000	12,000	10,974	1,026	
Financial Administration					
Salaries and Wages	225,500	225,500	190,944	34,556	
Other Expenses	71,300	69,300	37,926	31,374	
Audit Services	37,000	37,000	37,000	-	
Information Technology					
Other Expenses	67,000	67,000	50,521	16,479	
Tax Assessment Administration					
Salaries and Wages	77,600	77,600	75,001	2,599	
Other Expenses	14,400	14,400	13,966	434	
Revenue Administration					
Salaries and Wages	69,000	69,000	68,232	768	
Other Expenses	9,700	9,700	8,389	1,311	
Legal Services & Costs					
Other Expenses	205,000	205,000	162,813	42,187	
Engineering Service & Costs					
Other Expenses	60,000	60,000	58,280	1,720	
Land Use Administration					
Salaries and Wages	15,100	15,100	14,508	592	
Other Expenses	17,700	17,700	17,681	19	
Zoning Board of Adjustment					
Salaries and Wages	15,200	15,200	14,080	1,120	
Other Expenses	8,000	8,000	7,823	177	
Insurance					
Liability Insurance	207,522	207,522	207,434	88	
Other Insurance	20,246	20,246	15,000	5,246	
Workers Compensation Insurance	228,032	226,032	94,693	131,339	
Employee Group Health	2,130,000	2,130,000	1,530,988	599,012	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	4,320,000	4,320,000	4,147,544	172,456	
Other Expenses	210,000	210,650	209,988	662	
Office of Emergency Management					
Salaries and Wages	8,450	8,450	8,239	211	
Other Expenses	10,000	10,000	4,045	5,955	
Flood Control Committee					
Salaries and Wages	4,750	4,750	4,628	122	
Other Expenses	1,500	1,500		1,500	
Aid to Volunteer First Aid	46,870	46,870	46,870	-	
Fire Department					
Salaries and Wages	78,250	78,250	74,862	3,388	
Other Expenses	104,000	104,000	93,506	10,494	

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

	<u>Budget</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Expended</u> Paid or <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
PUBLIC WORKS FUNCTION					
Streets and Roads					
Salaries and Wages	\$ 503,000	\$ 503,000	\$ 501,709	\$ 1,291	
Other Expenses	114,500	107,000	77,205	29,795	
Snow Removal					
Salaries and Wages	60,000	60,000	24,071	35,929	
Other Expenses	81,000	81,000	52,111	28,889	
Solid Waste Collection					
Salaries and Wages	81,100	81,100	78,471	2,629	
Other Expenses	1,210,000	1,210,000	1,174,736	35,264	
Buildings and Grounds					
Salaries and Wages	233,250	233,250	198,806	34,444	
Other Expenses	149,000	156,500	149,642	6,858	
Vehicle Maintenance					
Salaries and Wages	67,100	67,100	67,060	40	
Other Expenses	81,500	81,500	77,620	3,880	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages	72,850	72,850	66,110	6,740	
Other Expenses	146,600	146,600	138,835	7,765	
Environmental Commission					
Salaries and Wages	1,200	1,200	1,200	-	
Other Expenses	1,000	1,000	465	535	
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	178,600	178,600	150,638	27,962	
Other Expenses	318,150	318,150	305,808	12,342	
Senior Citizens Activities					
Salaries and Wages	68,500	68,500	63,562	4,938	
Other Expenses	34,000	34,000	33,039	961	
OTHER COMMON OPERATING FUNCTIONS					
Accumulated Leave Compensation					
Salaries and Wages	100,000	100,000		100,000	
MUNICIPAL COURT					
Salaries and Wages	143,700	143,700	109,598	34,102	
Other Expenses	9,000	11,350	9,218	2,132	
Public Defender					
Other Expenses	10,600	10,600	10,600	-	
Municipal Prosecutor					
Other Expenses	23,000	23,000	11,450	11,550	
Shade Tree					
Other Expenses	38,000	38,000	23,015	14,985	

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

	<u>Appropriated</u>	<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
				<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
UNIFORM CONSTRUCTION CODE				
APPROPRIATIONS OFFSET BY				
DEDICATED REVENUES (NJAC5:23-4.17)				
Uniform Construction Code Enforcement				
Salaries and Wages	\$ 262,400	\$ 262,400	\$ 257,123	\$ 5,277
Other Expenses	6,000	6,000	5,668	332
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	120,500	120,500	103,663	16,837
Street Lighting	145,000	145,000	128,050	16,950
Telephone	90,000	90,000	89,906	94
Natural Gas	33,000	33,000	25,211	7,789
Gasoline	170,000	170,000	105,000	65,000
Total Operations Within "CAPS"	13,410,820	13,409,820	11,798,041	1,611,779
Contingent	5,000	5,000	-	5,000
Total Operations Including Contingent - Within "CAPS"	13,415,820	13,414,820	11,798,041	1,616,779
Detail:				
Salaries and Wages	6,965,800	6,965,800	6,482,999	482,801
Other Expenses (Including Contingent)	6,450,020	6,449,020	5,315,042	1,133,978
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"				
Statutory Charges				
Public Employees Retirement System	380,934	380,934	380,934	
Social Security System (O.A.S.I.)	485,000	485,000	446,791	38,209
Police and Firemen's Retirement System	785,245	785,245	785,245	
Defined Contribution Retirement Plan	4,500	5,500	5,466	34
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	1,655,679	1,656,679	1,618,436	38,243
Total General Appropriations for Municipal Purposes Within "CAPS"	15,071,499	15,071,499	13,416,477	1,655,022
OPERATIONS - EXCLUDED FROM "CAPS"				
PUBLIC SAFETY FUNCTIONS				
Length of Service Awards Program				
Other Expenses	88,000	88,000		88,000
Police Dispatch - 911				
Other Expenses	13,000	13,000	13,000	
PUBLIC WORKS FUNCTIONS				
Stormwater Management				
Salaries and Wages	47,450	47,450	46,925	525
Other Expenses	31,000	31,000	12,232	18,768
EDUCATION				
Maintenance of Free Public Library	846,900	846,900	818,396	28,504
UNCLASSIFIED				
Reserve for Tax Appeals	100,000	100,000	100,000	-
Total Other Operations Excluded From "CAPS"	1,126,350	1,126,350	990,553	135,797

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

	<u>Budget</u>	<u>Appropriated</u> <u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Expended</u> <u>Reserved</u>	<u>Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching Fund for Grants	\$ 2,500	\$ 2,500		\$ 2,500	
Municipal Alliance on Alcoholism and Drug Abuse					
County Share	9,876	9,876	\$ 9,876	-	
Local Share	2,469	2,469	2,469		
Drunk Driving Enforcement Fund		1,369	1,369		
Clean Communities		27,000	27,000		
Recycling Tonnage Grant	23,545	23,545	23,545		
NJ Motor Vehicle Services	94,000	94,000	94,000	-	
Alcohol Education and Rehabilitation	236	236	236		
Police Body Armor Fund Grant	2,440	4,868	4,868	-	
Sustainable Jersey Small Grant Program	-	2,000	2,000	-	-
Total Public and Private Programs					
Offset by Revenues	135,066	167,863	165,363	2,500	-
Total Operations Excluded from "CAPS"	1,261,416	1,294,213	1,155,916	138,297	-
Detail:					
Other Expenses (Including Contingent)	1,261,416	1,294,213	1,155,916	138,297	-
CAPITAL IMPROVEMENTS -					
Capital Improvement Fund	700,000	700,000	700,000		
Reserve for Acquisition of Fire Truck	200,000	200,000	200,000	-	-
Total Capital Improvements	900,000	900,000	900,000	-	-
MUNICIPAL DEBT SERVICE -					
Payment of Bond Principal	880,000	880,000	880,000		
Payment of Bond Anticipation Notes and Capital Notes	97,000	97,000	97,000		
Interest on Bonds	380,800	380,800	380,790	\$	10
Interest on Notes	20,800	20,800	20,714		86
Payment of Bond Anticipation Notes / Reserve for Debt Service	2,525,000	2,525,000	2,525,000	-	-
Total Municipal Debt Service	3,903,600	3,903,600	3,903,504	-	96

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

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
DEFERRED CHARGES					
Deferred Charges Unfunded	\$ 106,400	\$ 106,400	\$ 106,400	-	-
Total Deferred Charges	106,400	106,400	106,400	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	6,171,416	6,204,213	6,065,820	\$ 138,297	\$ 96
Subtotal General Appropriations	21,242,915	21,275,712	19,482,297	1,793,319	96
Reserve for Uncollected Taxes	450,000	450,000	450,000	-	-
Total General Appropriations	\$ 21,692,915	\$ 21,725,712	\$ 19,932,297	\$ 1,793,319	\$ 96

Budget as Adopted	\$ 21,692,915
Added by NJSA 40A:4-87	32,797
	<u>\$ 21,725,712</u>

Cash Disbursed	\$ 17,706,879
Encumbrances Payable	534,932
Reserve for Tax Appeals	100,000
Transfer to Appropriated Grant Reserves	134,086
Due to General Capital Fund	1,006,400
Reserve for Uncollected Taxes	450,000
	<u>\$ 19,932,297</u>

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 1,781	\$ 7,165
Change Fund	B	<u>50</u>	<u>50</u>
		<u>1,831</u>	<u>7,215</u>
OTHER TRUST FUND			
Cash	B-3	<u>7,233,787</u>	<u>6,755,731</u>
		<u>7,233,787</u>	<u>6,755,731</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	<u>142,058</u>	<u>152,371</u>
		<u>142,058</u>	<u>152,371</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Cash	B-3	760,829	753,239
Due from Current Fund	B-15	<u>408</u>	<u>-</u>
		<u>761,237</u>	<u>753,239</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investment	B	1,428,668	1,164,493
Contribution Receivables	B	<u>61,305</u>	<u>-</u>
		<u>1,489,973</u>	<u>1,164,493</u>
Total Assets		<u>\$ 9,628,886</u>	<u>\$ 8,833,049</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016
(Continued)

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-4	\$ 5	
Due to Current Fund	B-5		\$ 7,000
Reserve for Animal Control Expenditures	B-6	<u>1,826</u>	<u>215</u>
		<u>1,831</u>	<u>7,215</u>
OTHER TRUST FUND			
Due to Current Fund	B-10		489
Developer's Escrow and Other Reserves	B-11	3,451,548	3,599,249
Reserve for Payroll Deductions Payable	B-14	94,066	109,523
Reserve for Health Benefit Claims	B-12	3,035,597	2,386,971
Reserve for Affordable Housing (COAH)	B-13	<u>652,576</u>	<u>659,499</u>
		<u>7,233,787</u>	<u>6,755,731</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-7	3,727	
Reserve for Unemployment Claims	B-8	<u>138,331</u>	<u>152,371</u>
		<u>142,058</u>	<u>152,371</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Reserve for Expenditures	B-16	<u>761,237</u>	<u>753,239</u>
		<u>761,237</u>	<u>753,239</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for Length of Service Award Program	B	<u>1,489,973</u>	<u>1,164,493</u>
		<u>1,489,973</u>	<u>1,164,493</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,628,886</u>	<u>\$ 8,833,049</u>

**BOROUGH OF OAKLAND
STATEMENT OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u>	<u>Anticipated Budget After Modification</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Amount to be Raised by Taxation	\$ 221,825	\$ 221,825	\$ 222,233	\$ 408
Interest Income	<u>-</u>	<u>-</u>	<u>3,265</u>	<u>3,265</u>
	<u>\$ 221,825</u>	<u>\$ 221,825</u>	<u>\$ 225,498</u>	<u>\$ 3,673</u>

EXHIBIT B-2

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

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>
Debt Service				
Payment of Bond Principal	\$ 200,000	\$ 200,000	\$ 200,000	
Reserve for Future Use	<u>21,825</u>	<u>21,825</u>	<u>-</u>	<u>\$ 21,825</u>
	<u>\$ 221,825</u>	<u>\$ 221,825</u>	<u>\$ 200,000</u>	<u>\$ 21,825</u>

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	C-2,C-3	\$ 5,705,706	\$ 6,060,268
Deferred Charges to Future Taxation			
Funded	C-5	12,626,000	13,506,000
Unfunded	C-6	7,686,432	6,329,830
Grants Receivable	C-7	<u>4,147,227</u>	<u>4,095,450</u>
		<u>\$ 30,165,365</u>	<u>\$ 29,991,548</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 12,626,000	\$ 13,506,000
Bond Anticipation Notes	C-9	5,251,000	2,622,000
Improvement Authorizations			
Funded	C-10	2,437,907	4,656,674
Unfunded	C-10	5,214,947	2,633,273
Accounts Payable	C-11	1,549,350	1,459,233
Due to Current Fund	C-4		1,048
Reserve for Payment of Debt Service	C-12	1,357,549	3,882,549
Reserve for Preliminary Costs	C-13	9,000	9,000
Reserve for Ladder Truck	C-14	800,000	600,000
Reserve for Grants Receivable	C-7	150,000	
Capital Improvement Fund	C-15	497,867	348,367
Fund Balance	C-1	<u>271,745</u>	<u>273,404</u>
		<u>\$ 30,165,365</u>	<u>\$ 29,991,548</u>

There were bonds and notes authorized but not issued of \$2,563,132 and \$3,707,830 at December 31, 2017 and 2016 respectively (Exhibit C-16).

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 273,404	\$ 310,167
Increased by:		
Premium on Sale of Bond Anticipation Notes	42,428	
Cancelled Improvement Authorizations/Payables	<u>75,913</u>	<u>251,487</u>
	391,745	561,654
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>120,000</u>	<u>288,250</u>
Balance, December 31	<u>\$ 271,745</u>	<u>\$ 273,404</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2017 AND 2016

ASSETS	<u>Reference</u>	<u>2017</u>	<u>2016</u>
OPERATING FUND			
Cash	D-5	\$ 2,120,192	\$ 1,924,311
Change Fund	D	50	50
Due from Current Fund	D-11		1,065
Due from Water Utility Capital Fund	D-17	<u>-</u>	<u>156</u>
		<u>2,120,242</u>	<u>1,925,582</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	<u>217,888</u>	<u>254,650</u>
		<u>2,338,130</u>	<u>2,180,232</u>
CAPITAL FUND			
Cash	D-5,D-6	1,279,988	916,996
Deferred Charges	D-8		2,000
Fixed Capital	D-9	12,584,757	12,584,757
Fixed Capital Authorized and Uncompleted	D-12	<u>1,230,409</u>	<u>1,230,409</u>
		<u>15,095,154</u>	<u>14,734,162</u>
Total Assets		<u>\$ 17,433,284</u>	<u>\$ 16,914,394</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2017 AND 2016
(Continued)

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-13	\$ 200,028	\$ 146,308
Accounts Payable	D-14	62,528	55,859
Reserve for Rate Stabilization	D-10	200,000	150,000
Accrued Interest Payable on Bonds	D-19	<u>3,755</u>	<u>3,972</u>
		466,311	356,139
Reserve for Receivables	D	217,888	254,650
Fund Balance	D-1	<u>1,653,931</u>	<u>1,569,443</u>
		<u>2,338,130</u>	<u>2,180,232</u>
CAPITAL FUND			
Serial Bonds Payable	D-18	\$ 1,605,000	\$ 1,735,000
Accounts Payable	D	21,100	21,100
Due To Water Utility Operating Fund	D-17		156
Improvement Authorization			
Funded	D-15	376,777	377,139
Unfunded	D-15	40,832	40,470
Reserves for			
Amortization	D-20	10,979,757	10,849,757
Deferred Amortization	D	812,214	812,214
Payment of Debt	D	54,425	54,425
Capital Improvement Fund	D-16	1,023,963	662,815
Fund Balance	D-2	<u>181,086</u>	<u>181,086</u>
		<u>15,095,154</u>	<u>14,734,162</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 17,433,284</u>	<u>\$ 16,914,394</u>

There were bonds and notes authorized but not issued in the amount of \$418,195 at December 31, 2017 and 2016. (Exhibit D-21).

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES AND OTHER INCOME		
Fund Balance Anticipated	\$ 60,000	\$ 50,000
Rents	1,904,352	2,105,320
Miscellaneous	28,511	12,684
Non-Budget Revenue	1,062	5,338
Other Credits to Income		
Cancellations and Adjustments		624
Unexpended Balance of Appropriation Reserves	<u>86,563</u>	<u>111,868</u>
	<u>2,080,488</u>	<u>2,285,834</u>
EXPENDITURES		
Budget Appropriations		
Operating	1,295,400	1,279,300
Capital Improvements	361,148	232,450
Debt Service	177,452	307,150
Deferred Charges and Statutory Expenditures	<u>102,000</u>	<u>100,100</u>
	<u>1,936,000</u>	<u>1,919,000</u>
Excess/(Deficit) in Revenue	144,488	366,834
Adjustments to Income Before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>-</u>	<u>-</u>
Statutory Excess to Surplus	144,488	366,834
Fund Balance, January 1	<u>1,569,443</u>	<u>1,252,609</u>
	1,713,931	1,619,443
Decreased by:		
Utilization as Anticipated Revenue	<u>60,000</u>	<u>50,000</u>
Fund Balance, December 31	<u>\$ 1,653,931</u>	<u>\$ 1,569,443</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 181,086	\$ 181,086
Balance, December 31	<u>\$ 181,086</u>	<u>\$ 181,086</u>

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 60,000	\$ 60,000	
Rents	1,869,000	1,904,352	\$ 35,352
Miscellaneous	<u>7,000</u>	<u>28,511</u>	<u>21,511</u>
	<u>\$ 1,936,000</u>	<u>\$ 1,992,863</u>	<u>\$ 56,863</u>
Analysis of Miscellaneous Revenue			
Interest on Investments and Deposits		\$ 14,057	
Other Miscellaneous		<u>14,454</u>	
		<u>\$ 28,511</u>	
Analysis of Miscellaneous Revenue			
Cash Receipts		\$ 24,451	
Due from Water Utility Capital Fund		<u>4,060</u>	
		<u>\$ 28,511</u>	

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 589,400	\$ 589,400	\$ 505,453	\$ 83,947	
Other Expenses	264,500	264,500	193,254	71,246	
Utilities	276,500	276,500	235,832	40,668	
Employee Group Health	114,800	114,800	114,800		
Other Insurance Premiums	50,200	50,200	50,200		
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	361,148	361,148	361,148		
DEBT SERVICE					
Payment of Bond Principal	130,000	130,000	130,000		
Interest on Bonds	47,452	47,452	47,452		
DEFERRED CHARGES					
Deferred Charges - Unfunded	2,000	2,000	2,000		
STATUTORY EXPENDITURES					
Public Employees Retirement System	57,925	57,925	57,925		
Social Security System	<u>42,075</u>	<u>42,075</u>	<u>37,908</u>	<u>4,167</u>	<u>-</u>
	<u>\$ 1,936,000</u>	<u>\$ 1,936,000</u>	<u>\$ 1,735,972</u>	<u>\$ 200,028</u>	<u>\$ -</u>
Cash Disbursed			\$ 1,262,844		
Accounts Payable			62,528		
Due to Water Utility Capital Fund			363,148		
Interest on Bonds			<u>47,452</u>		
			<u>\$ 1,735,972</u>		

**BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
OPERATING FUND			
Cash	E-5	\$ 546,481	\$ 491,169
Change Fund	E	25	25
Due from Sewer Utility Capital Fund	E-8	<u>-</u>	<u>20</u>
		546,506	491,214
Receivables with Full Reserves			
Consumer Accounts Receivable	E-7	<u>106,785</u>	<u>102,251</u>
		<u>653,291</u>	<u>593,465</u>
CAPITAL FUND			
Cash	E-5,E-6	156,818	118,113
Deferred Charges	E-9		2,000
Fixed Capital	E	304,100	304,100
Fixed Capital Authorized and Uncompleted	E-16	<u>634,760</u>	<u>634,760</u>
		<u>1,095,678</u>	<u>1,058,973</u>
Total Assets		<u>\$ 1,748,969</u>	<u>\$ 1,652,438</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Appropriation Reserves	E-4,E-10	\$ 19,666	\$ 44,671
Encumbrances Payable	E-11	14,497	19,316
Accrued Interest on Bonds	E-13	433	458
Reserve for Sewer Rate Stabilization	E-12	<u>66,000</u>	<u>40,000</u>
		100,596	104,445
Reserve for Receivables	E	106,785	102,251
Fund Balance	E-1	<u>445,910</u>	<u>386,769</u>
		<u>653,291</u>	<u>593,465</u>
CAPITAL FUND			
Encumbrances Payable	E	21,193	21,193
Improvement Authorizations			
Funded	E-18	10,111	10,111
Unfunded	E-18	516,986	516,986
Serial Bonds Payable	E-17	185,000	200,000
Reserve for Amortization	E-15	119,100	104,100
Deferred Reserve for Amortization	E-14	42,000	42,000
Due to Sewer Utility Operating Fund	E-8	20	20
Reserve for Debt Service	E	60,000	60,000
Capital Improvement Fund	E-19	137,823	101,098
Fund Balance	E-2	<u>3,465</u>	<u>3,465</u>
		<u>1,095,678</u>	<u>1,058,973</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,748,969</u>	<u>\$ 1,652,438</u>

There were bonds and notes authorized but not issued in the amount of \$592,760 at December 31, 2017 and 2016. (Exhibit E-20).

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED		
Operating Surplus Anticipated	\$ 30,000	\$ 25,000
Sewer Rents	418,116	393,467
Non-Budget Revenue	3,132	1,144
Other Credits		
Cancellations and Adjustments		24
Unexpended Balance of Appropriation Reserves	<u>35,243</u>	<u>28,256</u>
Total Income	<u>486,491</u>	<u>447,891</u>
EXPENDITURES		
Budget Appropriations		
Operating	321,050	320,400
Capital Improvements	36,725	32,070
Debt Service	20,475	20,800
Deferred Charges and Statutory Expenditures	<u>19,100</u>	<u>17,030</u>
Total Expenditures	<u>397,350</u>	<u>390,300</u>
Excess in Revenue	89,141	57,591
Fund Balance, January 1	<u>386,769</u>	<u>354,178</u>
	475,910	411,769
Decreased by:		
Utilization as Anticipated Revenue	<u>30,000</u>	<u>25,000</u>
Fund Balance, December 31	<u><u>\$ 445,910</u></u>	<u><u>\$ 386,769</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 3,465	\$ 3,465
Balance, December 31	<u>\$ 3,465</u>	<u>\$ 3,465</u>

STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 30,000	\$ 30,000	
Sewer Rents	<u>367,350</u>	<u>418,116</u>	<u>\$ 50,766</u>
	<u>\$ 397,350</u>	<u>\$ 448,116</u>	<u>\$ 50,766</u>

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

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 114,900	\$ 114,900	\$ 108,086	\$ 6,814
Other Expenses	137,500	137,500	127,726	9,774
Utilities	32,000	32,000	29,409	2,591
Employee Group Health	26,150	26,150	26,150	
Other Insurance Premiums	10,500	10,500	10,500	-
CAPITAL IMPROVEMENTS				
Capital Improvement Fund	36,725	36,725	36,725	
DEBT SERVICE				
Payment of Bond Principal	15,000	15,000	15,000	
Interest on Bonds	5,475	5,475	5,475	
DEFERRED CHARGES				
Deferred Charges Unfunded	2,000	2,000	2,000	
STATUTORY EXPENDITURES				
Contribution to				
Public Employees Retirement System	8,700	8,700	8,700	
Social Security System	8,400	8,400	7,913	487
 Total Sewer Utility Appropriations	 \$ 397,350	 \$ 397,350	 \$ 377,684	 \$ 19,666
 Cash Disbursed			\$ 305,987	
Due to Sewer Utility Capital Fund			38,725	
Transfer to Rate Stabilization Reserve			13,000	
Interest on Bonds			5,475	
Encumbrances Payable			14,497	
			<u>\$ 377,684</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Land	\$ 26,856,400	\$ 26,856,400
Buildings and Building Improvements	9,284,701	9,284,701
Machinery and Equipment	<u>8,753,544</u>	<u>8,592,408</u>
 Total Assets	 <u>\$ 44,894,645</u>	 <u>\$ 44,733,509</u>
 FUND BALANCE		
Investment in General Fixed Assets	 <u>\$ 44,894,645</u>	 <u>\$ 44,733,509</u>

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Oakland (the "Borough") was incorporated in 1902 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

Open Space Preservation Trust Fund – This fund is used to account for the resources which have accumulated from a dedicated tax, to be used for the preservation of open space, recreation and farmland property.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water and sewer utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

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

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

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

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

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

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The Borough has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Borough has not received notices or report of losses (i.e. IBNR). Additionally, the Borough has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the government-wide financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds (Except for Open Space Trust Fund)
General Capital Fund
Water Capital Fund
Sewer Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 the Borough Council increased the original budget by \$32,797. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2017 and 2016.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Borough's deposits were \$28,990,337 and \$24,100,883 and bank and brokerage firm balances of the Borough's deposits amounted to \$26,718,256 and \$24,349,240, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	\$ 26,718,256	\$ 24,349,240

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

B. Investments

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

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

Investment:	<u>Fair Value</u>	
	<u>2017</u>	<u>2016</u>
Length of Service Awards Program		
Lincoln Financial (Unaudited)	\$ 1,428,668	\$ 1,164,493

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2017 and 2016, \$1,428,668 and \$1,164,493 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2017</u>	<u>2016</u>
<u>Uninsured and Collateralized:</u>		
Collateral held by pledging financial institution's trust department not in the Borough's name (Unaudited)	\$ 1,428,668	\$ 1,164,493

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services and A- by Standard Poor's.

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

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

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2017 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility Sewer</u>	<u>Total</u>
<u>2017</u>				
Property Taxes	\$ 6,995			\$ 6,995
Tax Title Liens	296,471			296,471
Utility Rents	-	\$ 217,888	\$ 106,785	324,673
	<u>\$ 303,466</u>	<u>\$ 217,888</u>	<u>\$ 106,785</u>	<u>\$ 628,139</u>

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

In 2017, the Borough collected \$23,646 and \$356,901 from delinquent taxes and utility charges and fees, which represented 8% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2016.

Receivables at December 31, 2016 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility Sewer</u>	<u>Total</u>
<u>2016</u>				
Property Taxes	\$ 18,587			\$ 18,587
Tax Title Liens	270,910			270,910
Utility Rents	-	\$ 254,650	\$ 102,251	356,901
	<u>\$ 289,497</u>	<u>\$ 254,650</u>	<u>\$ 102,251</u>	<u>\$ 646,398</u>

In 2016, the Borough collected \$28,497 and \$314,165 from delinquent taxes and utility charges and fees, which represented 11% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2015.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2017</u>		<u>2016</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund		\$ 408	\$ 8,537	\$ 1,065
Trust Funds				
Animal Control				7,000
Other Trust				489
Municipal Open Space	\$ 408			
General Capital Fund				1,048
Water Utility				
Operating Fund			1,221	
Capital Fund				156
Sewer Utility				
Operating Fund			20	
Capital Fund	-	-	-	20
Total	<u>\$ 408</u>	<u>\$ 408</u>	<u>\$ 9,778</u>	<u>\$ 9,778</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues received in one fund but owed to another fund.

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance, <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2017</u>			
There are none.			-
<u>2016</u>			
Water Utility Capital Fund Deferred Charges Unfunded	\$ <u>2,000</u>	\$ <u>2,000</u>	\$ <u>-</u>
Sewer Utility Capital Fund Deferred Charges Unfunded	\$ <u>2,000</u>	\$ <u>2,000</u>	\$ <u>-</u>

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

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>2017</u>		<u>2016</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 4,142,038	\$ 1,548,000	\$ 3,571,348	\$ 1,198,000
Non-Cash Surplus	<u>340,219</u>	<u>-</u>	<u>368,619</u>	<u>-</u>
	<u>\$ 4,482,257</u>	<u>\$ 1,548,000</u>	<u>\$ 3,939,967</u>	<u>\$ 1,198,000</u>
Water Utility Operating Fund				
Cash Surplus	<u>\$ 1,653,931</u>	<u>\$ 265,000</u>	<u>\$ 1,569,443</u>	<u>\$ 60,000</u>
	<u>\$ 1,653,931</u>	<u>\$ 265,000</u>	<u>\$ 1,569,443</u>	<u>\$ 60,000</u>
Sewer Utility Operating Fund				
Cash Surplus	<u>\$ 445,910</u>	<u>\$ 181,000</u>	<u>\$ 386,769</u>	<u>\$ 30,000</u>
	<u>\$ 445,910</u>	<u>\$ 181,000</u>	<u>\$ 386,769</u>	<u>\$ 30,000</u>

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

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>
Land	\$ 26,856,400			\$ 26,856,400
Buildings and Building Improvements	9,284,701			9,284,701
Machinery and Equipment	<u>8,592,408</u>	<u>\$ 595,623</u>	<u>\$ 434,487</u>	<u>8,753,544</u>
	<u>\$ 44,733,509</u>	<u>\$ 595,623</u>	<u>\$ 434,487</u>	<u>\$ 44,894,645</u>
	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>
Land	\$ 26,856,400			\$ 26,856,400
Buildings and Building Improvements	9,284,701			9,284,701
Machinery and Equipment	<u>8,864,562</u>	<u>\$ -</u>	<u>\$ 272,154</u>	<u>8,592,408</u>
	<u>\$ 45,005,663</u>	<u>\$ -</u>	<u>\$ 272,154</u>	<u>\$ 44,733,509</u>

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

NOTE 8 FIXED ASSETS (Continued)

B. Water and Sewer Utility Funds Fixed Capital

The following is a summary of changes in the water and sewer utility funds fixed capital for the years ended December 31, 2017 and 2016.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>
Water Utility Capital Fund				
Fixed Capital				
Unallocated	<u>\$ 12,584,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,584,757</u>
	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>
Fixed Capital				
Unallocated	<u>\$ 12,584,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,584,757</u>
	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>
Sewer Utility Capital Fund				
Fixed Capital				
Unallocated	<u>\$ 304,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,100</u>
	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>
Fixed Capital				
Unallocated	<u>\$ 304,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,100</u>

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

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Bonds and Notes	\$ 17,877,000	\$ 16,128,000
Water Utility		
Bonds	1,605,000	1,735,000
Sewer Utility		
Bonds	<u>185,000</u>	<u>200,000</u>
Total Issued	19,667,000	18,063,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,599,674</u>	<u>3,996,974</u>
Net Debt Issued	18,067,326	14,066,026
Authorized But Not Issued		
General		
Bonds and Notes	2,563,132	3,707,830
Water Utility		
Bonds and Notes	418,195	418,195
Sewer Utility		
Bonds and Notes	<u>592,760</u>	<u>592,760</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 21,641,413</u>	<u>\$ 18,784,811</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows indicates a statutory net debt of .78% and .67% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 20,440,132	\$ 1,485,249	\$ 18,954,883
School Debt	5,583,440	5,583,440	
Utility Debt	<u>2,800,955</u>	<u>2,800,955</u>	<u>-</u>
Total	<u>\$ 28,824,527</u>	<u>\$ 9,869,644</u>	<u>\$ 18,954,883</u>

<u>2016</u>			
General Debt	\$ 19,835,830	\$ 3,882,549	\$ 15,953,281
School Debt	5,882,986	5,882,986	
Utility Debt	<u>2,945,955</u>	<u>2,945,955</u>	<u>-</u>
Total	<u>\$ 28,664,771</u>	<u>\$ 12,711,490</u>	<u>\$ 15,953,281</u>

Statutory Borrowing Power

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

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 84,576,818	\$ 82,885,689
Less: Net Debt	<u>18,954,883</u>	<u>15,953,281</u>
Remaining Borrowing Power	<u>\$ 65,621,935</u>	<u>\$ 66,932,408</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2017</u>	<u>2016</u>
\$1,096,000, 2006 Bonds, due in annual installments of \$85,000 to \$96,000 through December 1, 2021, interest at 4.00%	\$ 366,000	\$ 446,000
\$14,235,000, 2015 Bonds, due in annual installments of \$850,000 to \$1,120,000 through December 1, 2029, interest at 2.00-3.125%	<u>12,260,000</u>	<u>13,060,000</u>
	<u>\$ 12,626,000</u>	<u>\$ 13,506,000</u>

Utility Bonds

The Borough pledges revenue from operations to pay debt service on utility bonds issued. The water and sewer utility bonds outstanding at December 31 are as follows:

Water Utility

	<u>2017</u>	<u>2016</u>
\$1,995,000, 2015 Bonds, due in annual installments of \$130,000 to \$135,000 through December 1, 2029, interest at 2.00-3.125%	\$ 1,605,000	\$ 1,735,000
	<u>\$ 1,605,000</u>	<u>\$ 1,735,000</u>

Sewer Utility

	<u>2017</u>	<u>2016</u>
\$230,000, 2015 Bonds, due in annual installments of \$15,000 to \$20,000 through December 1, 2029, interest at 2.00-3.125%	\$ 185,000	\$ 200,000
	<u>\$ 185,000</u>	<u>\$ 200,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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

Calendar Year	<u>General Bonds</u>		<u>Water Utility Bonds</u>		<u>Sewer Utility Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 935,000	\$ 361,590	\$ 130,000	\$ 45,069	\$ 15,000	\$ 5,200	\$ 1,491,859
2019	990,000	341,190	130,000	42,469	15,000	4,900	1,523,559
2020	1,045,000	319,590	130,000	39,869	15,000	4,600	1,554,059
2021	1,096,000	292,040	135,000	36,619	15,000	4,225	1,578,884
2022	1,025,000	258,200	135,000	32,569	15,000	3,775	1,469,544
2023-2027	5,300,000	824,500	675,000	102,094	75,000	12,125	6,988,719
2028-2029	<u>2,235,000</u>	<u>103,450</u>	<u>270,000</u>	<u>12,488</u>	<u>35,000</u>	<u>1,700</u>	<u>2,657,638</u>
	<u>\$ 12,626,000</u>	<u>\$ 2,500,560</u>	<u>\$ 1,605,000</u>	<u>\$ 311,177</u>	<u>\$ 185,000</u>	<u>\$ 36,525</u>	<u>\$ 17,264,262</u>

Changes in Long-Term Municipal Debt

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

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>General Capital Fund</u>					
Bonds Payable	<u>\$ 13,506,000</u>	<u>\$ -</u>	<u>\$ 880,000</u>	<u>\$ 12,626,000</u>	<u>\$ 935,000</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	<u>\$ 1,735,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 1,605,000</u>	<u>\$ 130,000</u>
<u>Sewer Utility Capital Fund</u>					
Bonds Payable	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 185,000</u>	<u>\$ 15,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>General Capital Fund</u>					
Bonds Payable	<u>\$ 14,396,000</u>	<u>\$ -</u>	<u>\$ 890,000</u>	<u>\$ 13,506,000</u>	<u>\$ 880,000</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	<u>\$ 1,987,000</u>	<u>\$ -</u>	<u>\$ 252,000</u>	<u>\$ 1,735,000</u>	<u>\$ 130,000</u>
<u>Sewer Utility Capital Fund</u>					
Bonds Payable	<u>\$ 215,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 200,000</u>	<u>\$ 15,000</u>

B. Short-Term Debt

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

Bond Anticipation Notes

Bond Anticipation Notes

	Interest Rate (%)	Maturity Date	Balance December 31, <u>2016</u>	<u>Issued</u>	<u>Retired</u>	Balance, December 31, <u>2017</u>
<u>General Capital Fund</u>						
Various Improvements	0.79%	3/24/2017	\$ 1,086,000		\$ 1,086,000	
Acquisition of Property	0.79%	3/24/2017	1,536,000		1,536,000	-
Various Improvements	2.50%	12/14/2018		\$ 1,400,000		\$ 1,400,000
Van Allen House Improvements	2.50%	12/14/2018		2,298,000		2,298,000
Renovation of Library	2.50%	12/14/2018	-	1,553,000	-	1,553,000
Total General Capital Fund			<u>\$ 2,622,000</u>	<u>\$ 5,251,000</u>	<u>\$ 2,622,000</u>	<u>\$ 5,251,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

Bond Anticipation Notes

	Rate	Maturity	Balance	Renewed/	Retired/	Balance,
	(%)	Date	December 31,	Issued	Redeemed	December 31,
			2015			2016
<u>General Capital Fund</u>						
Various Improvements	0.49%	3/24/2016	\$ 1,150,000		\$ 1,150,000	
Various Improvements	0.79%	3/24/2017		\$ 1,086,000		\$ 1,086,000
Acquisition of Property	0.49%	3/24/2016	1,568,000		1,568,000	
Acquisition of Property	0.79%	3/24/2017	-	1,536,000	-	1,536,000
Total General Capital Fund			<u>\$ 2,718,000</u>	<u>\$ 2,622,000</u>	<u>\$ 2,718,000</u>	<u>\$ 2,622,000</u>

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

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2017 the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction</u> <u>Commitment</u>	<u>Estimated</u> <u>Date of</u> <u>Completion</u>
Library Renovations	\$ 521,570	2018
Radio Communication Systems	67,797	2018
Flood Control	411,190	2018
Fire House Improvements	38,528	2018
Improvements to West Oakland Avenue	29,662	2018
Road Improvements	211,720	2018
Acquisition of DPW Equipment	<u>168,266</u>	2018
	<u>\$ 1,448,733</u>	

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

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$872,103 and \$1,107,450 at December 31, 2017 and 2016, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2017 and 2016, the Borough has reserved in the Other Trust Fund \$456,422 and \$551,058, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Changes in Other Long-Term Liabilities

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

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

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Compensated Absences	\$ 1,107,450		\$ 235,347	\$ 872,103	
Net OPEB Obligation					
Net Pension Liability					
PERS	12,667,328		2,539,591	10,127,737	
PFRS	18,397,450	-	3,292,620	15,104,830	-
Total Other Long-Term Liabilities	<u>\$ 32,172,228</u>	<u>\$ -</u>	<u>\$ 6,067,558</u>	<u>\$ 26,104,670</u>	<u>\$ -</u>

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

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Changes in Other Long-Term Liabilities (Continued)

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Compensated Absences	\$ 1,025,000	\$ 82,450		\$ 1,107,450	
Net OPEB Obligation					
Net Pension Liability					
PERS	9,979,941	2,687,387		12,667,328	
PFRS	<u>15,562,887</u>	<u>2,834,563</u>	<u>-</u>	<u>18,397,450</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 26,567,828</u>	<u>\$ 5,604,400</u>	<u>\$ -</u>	<u>\$ 32,172,228</u>	<u>\$ -</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Other Pension Funds

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

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

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

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

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

Basis of Accounting

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

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

Annual Pension Cost (APC)

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

During the years ended December 31, 2017, 2016 and 2015, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 785,245	\$ 379,965	\$ 5,466
2016	759,481	382,220	4,125
2015	724,369	385,897	3,706

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

Public Employees Retirement System (PERS)

At December 31, 2017 and 2016, the Borough reported a liability of \$10,127,737 and \$12,667,328, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .04351 percent, which was an increase of .00074 percent from its proportionate share measured as of June 30, 2016 of .04277 percent.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$722,606 and \$1,153,151, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$379,965 and \$382,220 respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 238,473		\$ 235,574	
Changes of Assumptions	2,040,390	\$ 2,032,910	2,623,994	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	68,963		483,017	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>334,125</u>	<u>430,180</u>	<u>285,933</u>	<u>\$ 569,526</u>
Total	<u>\$ 2,681,951</u>	<u>\$ 2,463,090</u>	<u>\$ 3,628,518</u>	<u>\$ 569,526</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 206,589
2019	337,163
2020	162,244
2021	(294,139)
2022	(192,996)
Thereafter	<u>-</u>
	<u>\$ 218,861</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

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

Discount Rate

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

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

Municipal Bond Rate * From July 1, 2040
and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
2017			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 12,564,145</u>	<u>\$ 10,127,737</u>	<u>\$ 8,097,907</u>
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
2016			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 15,522,332</u>	<u>\$ 12,667,328</u>	<u>\$ 10,310,275</u>

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2017 and 2016, the Borough reported a liability of \$15,104,830 and \$18,397,450, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .09784 percent, which was an increase of .00153 percent from its proportionate share measured as of June 30, 2016 of .09631 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$1,435,096 and \$1,990,031, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$785,245 and \$759,481, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 97,991	\$ 88,653		\$ 120,598
Changes of Assumptions	1,862,594	2,473,730	\$ 2,548,198	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	288,236		1,289,072	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	450,304	117,520	330,671	168,156
Total	<u>\$ 2,699,125</u>	<u>\$ 2,679,903</u>	<u>\$ 4,167,941</u>	<u>\$ 288,754</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 241,097
2019	543,753
2020	100,450
2021	(588,361)
2022	(277,717)
Thereafter	-
	<u>\$ 19,222</u>

Actuarial Assumptions

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

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

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

Discount Rate

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

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

Municipal Bond Rate * From July 1, 2057
and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 19,901,857</u>	<u>\$ 15,104,830</u>	<u>\$ 11,163,526</u>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 23,722,163</u>	<u>\$ 18,397,450</u>	<u>\$ 14,055,467</u>

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,691,868 and \$1,544,930, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$206,954 and \$197,324, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$84,601 and \$59,197, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Description

The Borough provides a post-employment healthcare plan for its eligible retirees and their dependents. The plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at the same cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree's spouse and/or dependents ends upon the death of the retiree.

Funding Policy

The Borough funds its post-retirement medical benefits on a pay-as-you-go basis. For the year 2017 the Borough paid \$729,048 for post-retirement health coverage premiums for eligible retirees and their dependents. Information for the year 2016 was not available.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year 2017, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	<u>2017</u>
Annual Required Contribution	\$ 1,453,885
Interest on Net OPEB Obligation	820,501
Adjustment to Annual Required Contribution	-
Total (Annual OPEB Cost (Expense))	<u>2,274,386</u>
Contributions Made	<u>(729,049)</u>
Increase in Net OPEB Obligation	1,545,337
Net OPEB Obligation - Beginning of Year	<u>18,233,367</u>
Net OPEB Obligation - End of Year	<u><u>\$ 19,778,704</u></u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year 2017 was as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2017	\$ 2,274,386	32.0%	\$ 19,778,704

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

As of December 31, 2017, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$19,778,704 and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$19,778,704. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017 was 30 years.

NOTE 14 RISK MANAGEMENT

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

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

NOTE 14 RISK MANAGEMENT (Continued)

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

The Borough is also a member of the Bergen County Municipal Employees Benefit Fund ("BMED"). This fund is an insured and self-administered group established for the sole purpose of providing medical insurance coverage to the employees of member municipalities. The BMED is a risk-sharing public entity pool. The BMED coverage amounts are on file with the Borough.

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 4,037	\$ 18,051	\$ 138,331
2016	Not Available	22,446	152,371
2015	Not Available	43,147	165,574

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

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2017 and 2016, the Borough reserved \$100,598 and \$73,216, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

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

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

The Borough of Oakland Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 23, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Oakland approved the adoption of the Plan at the general election held November, 2000.

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

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

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

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

The Borough of Oakland has contributed \$1,362 and \$1,352 for 2017 and 2016, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$61,305 and \$79,740 for 2017 and 2016, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 18 SUBSEQUENT EVENTS

Bond Anticipation Notes

On December 14, 2018 the Borough issued bond anticipation notes in the amount of \$5,251,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Jefferies, LLC at an interest rate of 3.25%. These notes dated December 14, 2018 will mature on December 13, 2019.

Debt Authorized

On July 25, 2018 the Borough adopted a bond ordinance authorizing the issuance \$2,845,250 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On November 7, 2018, the Borough adopted a bond ordinance authorizing the issuance \$300,000 in Bonds or bond anticipation notes to fund certain sewer capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF OAKLAND
STATEMENT OF CURRENT CASH - COLLECTOR-TREASURER

Balance, December 31, 2016		\$ 6,921,145
Increased by Receipts:		
Taxes Receivable	\$ 60,214,680	
Tax Title Liens	5,252	
Prepaid Taxes	3,861,503	
Tax Overpayments	90,430	
Grants Receivable	147,011	
Senior Citizens' and Veterans' Deductions - Due from State of NJ	91,250	
Revenue Accounts Receivable	3,034,501	
Non-Budget Revenue	204,753	
Receipts from Animal Control Trust Fund	7,064	
Receipts from Municipal Open Space Trust Fund	200,000	
Receipts from Unemployment Insurance Trust Fund	701	
Receipts for General Capital Fund	2,533,298	
Receipts from Other Trust Fund	489	
General Capital Receipt Deposited in Current Fund	25,000	
Unappropriated Grant Reserves	27,334	
Marriage License Fees Payable	25	
Construction Code Fees Payable	14,971	
		<u>70,458,262</u>
		77,379,407
Decreased by Disbursements:		
2017 Budget Appropriations	17,706,879	
2016 Appropriation Reserves	737,102	
Encumbrances/Accounts Payable	619,444	
Appropriated Grant Reserves	98,932	
Tax Overpayments	17,560	
County Taxes Payable	6,048,065	
Local District School Taxes Payable	28,083,145	
Regional School Taxes Payable	11,673,969	
Reserve for Tax Appeals	72,618	
Payments to Water Utility Operating Fund	1,065	
Payments to Municipal Open Space Trust Fund	221,825	
Payments to General Capital Fund	1,030,352	
Construction Code Fees Payable	15,813	
Refund of Prior Year Revenue	10,316	
		<u>66,337,085</u>
Balance, December 31, 2017		<u>\$ 11,042,322</u>

**BOROUGH OF OAKLAND
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2016</u>	Balance, December 31, <u>2017</u>
Tax Collector	\$ 100	\$ 100
Water and Sewer	100	100
Borough Clerk	<u>50</u>	<u>50</u>
	<u>\$ 250</u>	<u>\$ 250</u>

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

Increased by:

Cash Received from State of New Jersey	\$ 91,250	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2017 Taxes	250	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2016 Taxes	<u>3,750</u>	
		\$ 95,250

Decreased by:

Senior Citizens' Deductions Per Tax Billings	11,000	
Veterans' Deductions Per Tax Billings	82,500	
Senior Citizens' and Veterans Deductions Allowed by Tax Collector	<u>1,500</u>	
		<u>95,000</u>

Balance, December 31, 2017	<u>\$ 250</u>
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**BOROUGH OF OAKLAND
STATEMENT OF TAXES RECEIVABLE**

<u>Year</u>	Balance, December 31, <u>2016</u>	<u>2017 Levy</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	<u>Cash Collections</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	Tax Overpayments <u>Applied</u>	Transfer to Tax Title Liens	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
				<u>2016</u>	<u>2017</u>					
Prior	\$ 18,587		\$ 3,750		\$ 18,158		\$ 236			\$ 3,943
2017	<u>-</u>	<u>\$ 60,834,575</u>	<u>250</u>	<u>\$ 465,060</u>	<u>60,196,522</u>	<u>\$ 95,000</u>	<u>6,384</u>	<u>\$ 24,898</u>	<u>\$ 43,909</u>	<u>3,052</u>
	<u>\$ 18,587</u>	<u>\$ 60,834,575</u>	<u>\$ 4,000</u>	<u>\$ 465,060</u>	<u>\$ 60,214,680</u>	<u>\$ 95,000</u>	<u>\$ 6,620</u>	<u>\$ 24,898</u>	<u>\$ 43,909</u>	<u>\$ 6,995</u>

Analysis of 2017 Property Tax Levy

Tax Yield

General Purpose Tax	\$ 60,720,517	
Added Taxes (54:4-63.1 et seq.)	<u>114,058</u>	
		<u>\$ 60,834,575</u>

Tax Levy

Local District School Tax	\$ 28,088,656	
Regional School Tax	11,673,969	
County Tax	5,807,277	
County Open Space Tax	240,788	
Due for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>11,340</u>	
		45,822,030
Local Tax for Municipal Purposes	13,878,024	
Minimum Library Tax	801,900	
Municipal Open Space Tax	221,825	
Municipal Open Space Tax Added	408	
Add Additional Tax Levies	<u>110,388</u>	
		<u>15,012,545</u>
		<u>\$ 60,834,575</u>

BOROUGH OF OAKLAND
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2016		\$ 270,910
Increased by:		
Interest and Costs on Tax Sale	\$ 1,792	
Transferred from 2017 Taxes	24,898	
Adjustment	<u>4,123</u>	
		<u>30,813</u>
		301,723
Decreased by:		
Collections		<u>5,252</u>
		<u>\$ 296,471</u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2016</u>	Accrued in 2017	<u>Collections</u>	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
Municipal Alliance Grant	\$ 10,330	\$ 9,876	\$ 8,466	\$ 10,330	\$ 1,410
ANJEC Sustainable Land Use Grant	8,000				8,000
Highlands - Plan Conformance	249,357				249,357
Highlands - Transfer Development Rights	4,824				4,824
Recycling Tonnage Grant		23,545	23,545		
Drunk Driving Enforcement Fund		1,369	1,369		
Clean Communities		27,000	27,000		
NJ Motor Vehicle Service Police Fees		94,000	62,723	31,277	
Police Body Armor		2,428	2,428		
Sustainable Jersey Small Grant Program		2,000	2,000		
Bergen County Open Space					
Ramapo Valley Park	40,000				40,000
Van Allen/Stream House	19,503				19,503
Bergen County Park Improvement Pgm	<u>36,605</u>	<u>-</u>	<u>19,480</u>	<u>-</u>	<u>17,125</u>
	<u>\$ 368,619</u>	<u>\$ 160,218</u>	<u>\$ 147,011</u>	<u>\$ 41,607</u>	<u>\$ 340,219</u>

BOROUGH OF OAKLAND
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2016</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2017</u>
Licenses				
Alcoholic Beverage		\$ 24,450	\$ 24,450	
Other		31,263	31,263	
Fees and Permits		173,952	173,952	
Construction Code Official				
Fees and Permits		199,643	199,643	
Recreation				
Fees and Permits		434,169	434,169	
Municipal Court				
Fines and Costs		128,911	128,911	
Interest and Costs on Taxes		64,226	64,226	
Interest on Investments and Deposits		64,057	64,057	
Energy Receipts Tax		1,312,169	1,312,169	
Uniform Fire Safety Act		28,749	28,749	
Cellular Tower Lease		148,966	148,966	
Cablevision Franchise Fee		128,309	128,309	
Verizon Franchise Fee		70,825	70,825	
Real Property Lease		75,314	75,314	
Sale of Recyclables		24,905	24,905	
Shared Service Agreement - School Crossing Guards		6,441	6,441	
Off Duty Police Officers Administrative Fees		14,827	14,827	-
Pension Reimbursement - Library		36,700	36,700	
Pension Reimbursement - Water Utility		57,925	57,925	
Pension Reimbursement - Sewer Utility	-	8,700	8,700	-
	<u>-</u>	<u>\$ 3,034,501</u>	<u>\$ 3,034,501</u>	<u>\$ -</u>

BOROUGH OF OAKLAND
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, <u>2016</u>	<u>Transfers</u>	Cancelled <u>Payables</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages						
General Administration	\$ 6,713			6,713		6,713
General Services	20,909			20,909		20,909
Mayor and Council	516			516		516
Municipal Clerk	2			2		2
Financial Administration	12			12		12
Revenue Administration	14,263			14,263	607	13,656
Zoning Board of Adjustment	3			3		3
Police	223,075			223,075	20,265	202,810
Flood Control Committee	22			22		22
Office of Emergency Management	11			11		11
Fire	9,076			9,076		9,076
Fire Prevention				-		-
Streets and Road Maintenance	1,065			1,065	760	305
Snow Removal	16,752			16,752	16,752	-
Solid Waste Collection	2,165			2,165		2,165
Buildings and Grounds	6,766			6,766		6,766
Vehicle Maintenance	3,858			3,858		3,858
Board of Health	386			386	78	308
Board of Recreation Commissioners	6,162			6,162	864	5,298
Senior Citizens Activities	5,983			5,983	1,105	4,878
Municipal Court	9,834			9,834	573	9,261
Uniform Construction Code	1,183			1,183		1,183
Stormwater Management	1,502	-	-	1,502	-	1,502
Total Salaries and Wages	330,258	-	-	330,258	41,004	289,254
Other Expenses						
General Administration	2,197		146	2,343		2,343
Communication Committee	1,969			1,969		1,969
General Services	7,221		907	8,128	5,325	2,803
Mayor and Council	10,115		70	10,185		10,185
Municipal Clerk	2,227			2,227	564	1,663
Elections	1,419			1,419		1,419
Financial Administration	252		1,344	1,596		1,596
Information Technology	6,059			6,059	327	5,732
Revenue Administration	2,991			2,991	2,609	382
Tax Assessment Administration	4,807		137	4,944		4,944
Legal Services and Costs	27,281		26,070	53,351		53,351
Engineering Services	9,720		7,450	17,170		17,170
Planning Board	291		9,070	9,361		9,361
Zoning Board of Adjustment	1,637		3,200	4,837		4,837
Insurance						
General Liability	10,753			10,753		10,753
Employee Group Insurance	540,579			540,579	540,579	-
Police	10,395		954	11,349		11,349
Flood Control Committee	1,285			1,285		1,285
Office of Emergency Management	5,058		70	5,128		5,128

BOROUGH OF OAKLAND
STATEMENT OF APPROPRIATION RESERVES
(Continued)

	Balance, December 31, 2016	Transfers	Cancelled Payables	Balance After Modification	Expended	Balance Lapsed
Other Expenses (Continued)						
Fire	\$ 12,532		\$ 6,023	\$ 18,555		\$ 18,555
Streets and Road Maintenance	35,193		1,294	36,487		36,487
Snow Removal	44,711			44,711	\$ 44,711	-
Shade Tree Commission	930			930		930
Solid Waste Collection	109,720		11,566	121,286		121,286
Buildings and Grounds	24,851		11,497	36,348		36,348
Vehicle Maintenance	20,290		7,105	27,395		27,395
Board of Health	9,912		9,874	19,786		19,786
Environmental Health Services Commission	403			403		403
Board of Recreation Commissioners	22,403		6,428	28,831		28,831
Senior Citizens Activities	3,604		50	3,654		3,654
Municipal Court	6,304			6,304	1,458	4,846
Public Defender	700		1,800	2,500		2,500
Municipal Prosecutor	5,800		5,500	11,300		11,300
Uniform Construction Code	2,711		168	2,879		2,879
Gasoline	73,354	\$ (5,600)	29,152	96,906		96,906
Electricity	10,499	5,600		16,099	15,313	786
Natural Gas	10,183			10,183	1,389	8,794
Street Lighting	13,657			13,657	842	12,815
Telephone	564		732	1,296		1,296
Contingent	5,000			5,000		5,000
Public Employees Retirement System	4			4		4
Social Security	35,847			35,847		35,847
Defined Contribution Retirement Program	375			375		375
Length of Service Awards Program	88,000			88,000	79,740	8,260
Stormwater Management	6,370		313	6,683		6,683
911 System	35			35		35
Maintenance of Free Public Library	43,439			43,439	6,792	36,647
NJ Motor Vehicle Police Fees	3,818	-	-	3,818	3,449	369
Total Other Expenses	<u>1,237,465</u>	<u>-</u>	<u>140,920</u>	<u>1,378,385</u>	<u>703,098</u>	<u>675,287</u>
	<u>\$ 1,567,723</u>	<u>\$ -</u>	<u>\$ 140,920</u>	<u>\$ 1,708,643</u>	<u>\$ 744,102</u>	<u>\$ 964,541</u>
Cash Disbursed					\$ 737,102	
Accounts Payable					<u>7,000</u>	
					<u>\$ 744,102</u>	

**BOROUGH OF OAKLAND
STATEMENT OF ENCUMBRANCES/ACCOUNTS PAYABLE**

Balance, December 31, 2016		\$ 760,364
Increased by:		
Charges to 2017 Budget Appropriation	\$ 534,932	
Charges to Appropriated Grant Reserves	1,503	
Transferred from 2016 Appropriation Reserves	<u>7,000</u>	
		<u>543,435</u>
		1,303,799
Decreased by:		
Cash Disbursements	619,444	
Cancelled Payables Restored to Appropriation Reserves	<u>140,920</u>	
		<u>760,364</u>
Balance, December 31, 2017		<u>\$ 543,435</u>

EXHIBIT A-13

STATEMENT OF PREPAID TAXES

Balance, December 31, 2016		\$ 467,040
Increased by:		
2018 Taxes Collected		<u>3,861,503</u>
		4,328,543
Decreased by:		
Applied to 2017 Taxes		<u>465,060</u>
Balance, December 31, 2017		<u>\$ 3,863,483</u>

EXHIBIT A-14

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2016		\$ 16,996
Increased by:		
Overpayments		<u>90,430</u>
		107,426
Decreased by:		
Refunds	\$ 17,560	
Overpayments Applied	<u>6,620</u>	
		<u>24,180</u>
Balance, December 31, 2017		<u>\$ 83,246</u>

BOROUGH OF OAKLAND
- STATEMENT OF COUNTY TAXES PAYABLE

Increased by:

2017 Tax Levy

County Taxes

\$ 5,807,277

County Open Space Preservation

240,788

Added and Omitted Taxes

11,340

\$ 6,059,405

Decreased by:

Payments

6,048,065

Balance, December 31, 2017

\$ 11,340

EXHIBIT A-16

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:

Levy - Calendar Year 2017

\$ 28,088,656

Decreased by:

Payments

\$ 28,083,145

Prepayments Applied

5,51128,088,656

Balance, December 31, 2017

\$ -

EXHIBIT A-17

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by:

Levy - Calendar Year 2017

\$ 11,673,969

Decreased by:

Payments

\$ 11,673,969

**BOROUGH OF OAKLAND
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2016	\$ 73,216
Increased by:	
Budget Appropriation	<u>100,000</u>
	173,216
Decreased by:	
Two Refunds	<u>72,618</u>
Balance, December 31, 2017	<u>\$ 100,598</u>

EXHIBIT A-19

**STATEMENT OF APPROPRIATED RESERVES -
PUBLIC AND PRIVATE PROGRAMS**

	Balance, December 31, 2016	Transferred from 2017 Appropriations	Cash Disbursed	Cancelled	Balance, December 31, 2017
NJ State Police OEM Grant	\$ 8,008				\$ 8,008
Recycling Tonnage Grant	37,553	\$ 23,545	\$ 17,353		43,745
Clean Communities	73,115	27,000	30,093		70,022
Police Body Armor	5,171	4,868	885		9,154
Drunk Driving Enforcement Fund	19,381	1,369	1,915		18,835
Alcohol Education and Rehabilitation	3,275	236	214		3,297
Municipal Alliance Grant	32,382	12,345	9,537	\$ 11,740	23,450
Police Accreditation Grant	3,250			3,250	
Highlands - Plan Conformance	215,871			1,168	214,703
Sustainable Jersey Small Grant Program		2,000	2,000		-
Bergen County Open Space					-
Ramapo Valley Park	28,741				28,741
Van Allen/Stream House	352				352
NJ Motor Vehicle Service Police Fees	<u>522</u>	<u>62,723</u>	<u>38,438</u>	<u>522</u>	<u>24,285</u>
	<u>\$ 427,621</u>	<u>\$ 134,086</u>	<u>\$ 100,435</u>	<u>\$ 16,680</u>	<u>\$ 444,592</u>
Cash Disbursements			\$ 98,932		
Encumbrances Payable			<u>1,503</u>		
			<u>\$ 100,435</u>		

BOROUGH OF OAKLAND
STATEMENT OF UNAPPROPRIATED RESERVES- PUBLIC AND PRIVATE PROGRAMS

	Balance, December 31, 2016	Cash Received	Appropriated in 2017 Budget	Balance, December 31, 2017
Police Body Armor	\$ 2,440		\$ 2,440	
Alcohol Education and Rehabilitation	236		236	
Recycling Tonnage Grant	<u>-</u>	<u>\$ 27,334</u>	<u>-</u>	<u>\$ 27,334</u>
	<u>\$ 2,676</u>	<u>\$ 27,334</u>	<u>\$ 2,676</u>	<u>\$ 27,334</u>

EXHIBIT A-21

**STATEMENT OF DUE TO STATE OF NEW JERSEY-
CONSTRUCTION CODE FEES PAYABLE**

Balance, December 31, 2016	\$ 4,196
Increased by:	
Cash Received	<u>14,971</u>
	19,167
Decreased by:	
Payments to State of New Jersey	<u>15,813</u>
Balance, December 31, 2017	<u>\$ 3,354</u>

EXHIBIT A-22

**STATEMENT OF DUE TO STATE OF NEW JERSEY-
MARRIAGE LICENSE FEES PAYABLE**

Increased by:	
Cash Received	<u>\$ 25</u>
	25
Decreased by:	
Payments to State of New Jersey	<u>-</u>
Balance, December 31, 2017	<u>\$ 25</u>

TRUST FUNDS

BOROUGH OF OAKLAND
STATEMENT OF TRUST CASH - COLLECTOR-TREASURER

	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment</u>	<u>Municipal Open Space</u>
Balance, December 31, 2016	\$ 7,165	\$ 6,755,731	\$ 152,371	\$ 753,239
Increased by Receipts:				
COAH Proceeds		\$ 27,101		
Interest on Investments and Deposits	\$ 64		\$ 675	\$ 3,265
Employee Payroll Deductions		12,983,314	4,037	
Developer's Escrow and Other Reserves		1,683,135		
State Dog License Fees	1,502			
Animal Control Fees	14,909			
Receipts from Current Fund				221,825
Health Benefit Claim Receipts	-	684,035	-	-
	<u>16,475</u>	<u>15,377,585</u>	<u>4,712</u>	<u>225,090</u>
	23,640	22,133,316	157,083	978,329
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	13,294			
Payments to Current Fund	7,064	489	701	200,000
Payments to State of New Jersey	1,501		14,324	
Developer's Escrow and Other Reserves		1,830,836		
Payroll Deductions Payable		12,998,771		
Reserve for COAH Expenditures		34,024		
Reserve for Health Benefit Claims		35,409		
Municipal Open Space Expenditures	-	-	-	17,500
	<u>21,859</u>	<u>14,899,529</u>	<u>15,025</u>	<u>217,500</u>
Balance, December 31, 2017	\$ <u>1,781</u>	\$ <u>7,233,787</u>	\$ <u>142,058</u>	\$ <u>760,829</u>

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

Increased by:	
Prior Year Adjustment	\$ 4
Dog License Fees Collected in 2017	<u>1,502</u>
	1,506
Decreased by:	
Payments to State of New Jersey	<u>1,501</u>
Balance, December 31, 2017	<u>\$ 5</u>

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

Balance, December 31, 2016	\$ 7,000
Increased by:	
Interest on Investments and Deposits	<u>64</u>
	7,064
Decreased by:	
Payments to Current Fund	<u>7,064</u>
Balance, December 31, 2017	<u>\$ -</u>

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

Balance, December 31, 2016	\$ 215
Increased by:	
Cash Receipts	<u>14,909</u>
	15,124
Decreased by:	
Prior Year Adjustment - Due to State	4
Expenditures Under R.S. 4:19 - 15.11	<u>13,294</u>
	<u>13,298</u>
Balance, December 31, 2017	<u>\$ 1,826</u>

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

Increased by:	
Prior Year Adjustment	\$ 420
Unemployment Claims Due to State of New Jersey	17,543
Late Charges Due to State of New Jersey	<u>88</u>
	18,051
Decreased by:	
Payments to State of New Jersey	<u>14,324</u>
Balance, December 31, 2017	<u><u>\$ 3,727</u></u>

EXHIBIT B-8

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

Balance, December 31, 2016	\$ 152,371
Increased by:	
Employee Payroll Deductions	<u>4,037</u>
	156,408
Decreased by:	
Benefits Due State of New Jersey	\$ 18,051
Prior Year Adjustments	<u>26</u>
	<u>18,077</u>
Balance, December 31, 2017	<u><u>\$ 138,331</u></u>

EXHIBIT B-9

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

Increased by:	
Prior Year Adjustments	\$ 26
Interest on Deposits	<u>675</u>
	701
Decreased by:	
Payments to Current Fund	<u>701</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

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

Balance, Decemeber 31, 2016	\$ 489
Decreased by:	
Payments to Current Fund	<u>489</u>
Balance, December 31, 2017	<u>\$ -</u>

**STATEMENT OF DEVELOPER'S ESCROW AND OTHER RESERVES
OTHER TRUST FUND**

	Balance, December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
Planning Board Escrow	\$ 232,513	\$ 32,090	\$ 34,123	\$ 230,480
Board of Adjustment Escrow	124,715	18,990	24,442	119,263
Other Trust Fund Reserves	2,126,190	171,050	318,844	1,978,396
Municipal Court Ticket Refunds		105		105
Sanitary Landfill	2,092	10		2,102
Redemption of Liens	1,109,166	1,447,407	1,443,171	1,113,402
Flexible Spending	<u>4,573</u>	<u>13,483</u>	<u>10,256</u>	<u>7,800</u>
	<u>\$ 3,599,249</u>	<u>\$ 1,683,135</u>	<u>\$ 1,830,836</u>	<u>\$ 3,451,548</u>

**STATEMENT OF RESERVE FOR HEALTH BENEFIT CLAIMS
OTHER TRUST FUND**

Balance, December 31, 2016	\$ 2,386,971
Increased by:	
Cash Receipts	<u>684,035</u>
	3,071,006
Decreased by:	
Cash Disbursements	<u>35,409</u>
Balance, December 31, 2017	<u>\$ 3,035,597</u>

**BOROUGH OF OAKLAND
STATEMENT OF RESERVE FOR AFFORDABLE HOUSING (COAH)
OTHER TRUST FUND**

Balance, December 31, 2016	\$ 659,499
Increased by:	
Cash Receipts	<u>27,101</u>
	686,600
Decreased by:	
Cash Disbursements	<u>34,024</u>
Balance, December 31, 2017	<u>\$ 652,576</u>

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

Balance, December 31, 2016	\$ 109,523
Increased by:	
Cash Receipts	<u>12,983,314</u>
	13,092,837
Decreased by:	
Cash Disbursements	<u>12,998,771</u>
Balance, December 31, 2017	<u>\$ 94,066</u>

**STATEMENT OF DUE FROM CURRENT FUND
MUNICIPAL OPEN SPACE TRUST FUND**

Increased by:		
2017 Tax Levy	\$ 221,825	
2017 Added Tax Levy	408	
Payments to Current Fund	<u>200,000</u>	
		<u>422,233</u>
		422,233
Decreased by:		
Cash Receipts	221,825	
Anticipated as Current Fund Revenue	<u>200,000</u>	
		<u>421,825</u>
Balance, December 31, 2017		<u>\$ 408</u>

BOROUGH OF OAKLAND
STATEMENT OF RESERVE FOR MUNICIPAL OPEN SPACE EXPENDITURES
MUNICIPAL OPEN SPACE TRUST FUND

Balance, December 31, 2016			\$ 753,239
Increased by:			
2017 Tax Levy	\$ 221,825		
2017 Added Tax Levy	408		
Interest on Investments and Deposits	<u>3,265</u>		
		<u>225,498</u>	
			978,737
Decreased by:			
Anticipated as Current Fund Revenue	200,000		
Expenditures	<u>17,500</u>		
		<u>217,500</u>	
Balance, December 31, 2017			<u>\$ 761,237</u>

GENERAL CAPITAL FUND

BOROUGH OF OAKLAND
STATEMENT OF GENERAL CAPITAL CASH - COLLECTOR-TREASURER

Balance, January 1, 2017		\$ 6,060,268
Increased by:		
Receipts from Current Fund	\$ 1,030,352	
Interest on Investments and Deposits	8,298	
Proceeds from Bond Anticipation Notes	5,251,000	
Premium on Sale of Bond Anticipation Notes	42,428	
Grants Receivable	<u>94,523</u>	
		<u>6,426,601</u>
		12,486,869
Decreased by Disbursements:		
Improvement Authorizations	2,874,632	
Accounts Payable	1,373,233	
Payments to Current Fund	<u>2,533,298</u>	
		<u>6,781,163</u>
Balance, December 31, 2017		<u>\$ 5,705,706</u>

**BOROUGH OF OAKLAND
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2017</u>
Fund Balance	\$ 271,745
Capital Improvement Fund	497,867
Reserve for Preliminary Costs	9,000
Reserve for Ladder Truck	800,000
Grants Receivable	(3,997,227)
Accounts Payable	1,549,350
Reserve for Payment of Debt Service	1,357,549
Excess Note Proceeds	127,700
Improvement Authorizations:	
<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>
99-362/02-429/02-430	Library Addition
07-561	Various Public Improvements
09-607	Acquisition of Real Property
10-617	Various Capital Improvements
10-636	Various Public Improvements
11-643	Various Public Improvements
11-652	Various Capital Improvements
12-670	Various Public Improvements
12-671	Purchase of Capital Equipment
12-677	Mohegan Avenue Drainage Improvements
13-690	Recreation Improvements
14-704	Various Public Improvements
14-705	Acquisition & Demolition of Flood Prone Properties
15-717	Various Public Improvements
15-718	Various Public Improvements
16-741	Various Public Improvements
16-742	Various Public Improvements
16-743	Various Public Improvements
16-748	Van Allen House Improvements
17-749	Renovation of the Oakland Public Library
17-752	Various Public Improvements
17-760	Various Public Improvements and Acquisitions
17-761	Various Public Improvements and Acquisition of New Communication Equipment
	<u>134,500</u>
	<u>\$ 5,705,706</u>

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

Balance, December 31, 2016		\$ 1,048
Increased by:		
Interest on Investments	\$ 8,298	
Realized as Current Fund Anticipated Revenue	2,525,000	
Receipts from Current Fund	<u>1,030,352</u>	
		<u>3,563,650</u>
		3,564,698
Decreased by:		
2017 Budget Appropriations		
Capital Improvement Fund	700,000	
Reserve for Fire Truck	200,000	
Deferred Charged Unfunded	106,400	
General Capital Receipt Deposited in Current Fund	25,000	
Payments to Current Fund	<u>2,533,298</u>	
		<u>3,564,698</u>
Balance, December 31, 2017		\$ <u>-</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2016	\$ 13,506,000
Decreased by:	
2017 Budget Appropriation	
Bond Principal	<u>880,000</u>
Balance, December 31, 2017	\$ <u>12,626,000</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2016	2017 Authorizations	Notes Paid by Budget Appropriation	Grant Proceeds	Cancelled	Funded by Budget Appropriation	Balance, December 31, 2017	Analysis of Balance		
									Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
08-567	Acquisition of Real Property	\$ 1,086,000		\$ 1,086,000							
09-607	Acquisition of Real Property	1,536,000		1,536,000							
10-617	Various Capital Improvements	3,776						\$ 3,776		\$ 3,776	
10-636	Various Capital Improvements	353						353			\$ 353
11-643	Various Capital Improvements	349						349			349
11-652	Various Capital Improvements	962						962		962	
12-670	Various Capital Improvements	541						541			541
12-677	Mohegan Avenue Drainage Improvements	338						338		338	
13-690	Recreation Improvements	400						400			400
14-704	Various Public Improvements	913						913			913
15-718	Various Public Improvements	1,402,198			\$ 21,300	\$ 2,198	\$ 106,400	1,272,300	\$ 1,272,300		
16-743	Various Public Improvements	2,298,000						2,298,000	2,298,000		-
17-749	Renovation of the Oakland Public Library		\$ 1,553,000					1,553,000	1,553,000		
17-761	Various Public Improvements and Acquisition of New Communication Equipment	-	2,555,500	-	-	-	-	2,555,500	-	-	2,555,500
		<u>\$ 6,329,830</u>	<u>\$ 4,108,500</u>	<u>\$ 2,622,000</u>	<u>\$ 21,300</u>	<u>\$ 2,198</u>	<u>\$ 106,400</u>	<u>\$ 7,686,432</u>	<u>\$ 5,123,300</u>	<u>\$ 5,076</u>	<u>\$ 2,558,056</u>
Bond Anticipation Notes									\$ 5,251,000		
Less: Excess Note Proceeds Ord. 15-718									127,700		
									<u>\$ 5,123,300</u>		
Improvement Authorizations - Unfunded											\$ 5,214,947
Less: Unexpended Proceeds of Bond Anticipation Notes:											
Ord. 15-718										\$ 256,225	
Ord. 16-743										2,298,000	
Ord. 17-749										102,666	
										<u>2,656,891</u>	
											<u>\$ 2,558,056</u>

**BOROUGH OF OAKLAND
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>December 31, 2016</u>		<u>December 31, 2017</u>
General Improvement Bonds of 2006	12/29/2006	\$ 1,096,000	12/1/2018	\$ 85,000	4.00 %			
			12/1/2019	90,000	4.00			
			12/1/2020	95,000	4.00			
			12/1/2021	96,000	4.00	\$ 446,000	\$ 80,000	\$ 366,000
General Improvement Bonds of 2015	5/15/2015	14,235,000	12/1/2018	850,000	2.00			
			12/1/2019	900,000	2.00			
			12/1/2020	950,000	2.50			
			12/1/2021	1,000,000	3.00			
			12/1/2022	1,025,000	3.00			
			12/1/2023	1,025,000	3.00			
			12/1/2024	1,050,000	3.00			
			12/1/2025	1,050,000	3.00			
			12/1/2026	1,075,000	3.00			
			12/1/2027	1,100,000	3.00			
			12/1/2028	1,115,000	3.00			
			12/1/2029	1,120,000	3.125	13,060,000	800,000	12,260,000
						<u>\$ 13,506,000</u>	<u>\$ 880,000</u>	<u>\$ 12,626,000</u>

BOROUGH OF OAKLAND
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 2016	Increased	Decreased	Balance, December 31, 2017
08-567	Various Capital Improvements	10/30/2008	3/24/2016	3/24/2017	0.79 %	\$ 1,086,000		\$ 1,086,000	
09-607	Acquisition of Real Property	5/27/2010	3/24/2016	3/24/2017	0.79	1,536,000		1,536,000	
15-718	Various Improvements	12/15/2017	12/15/2017	12/14/2018	2.50		\$ 1,400,000		\$ 1,400,000
16-743	Van Allen House Improvements	12/15/2017	12/15/2017	12/14/2018	2.50		2,298,000		2,298,000
17-749	Renovation of the Oakland Public Library	12/15/2017	12/15/2017	12/14/2018	2.50	-	1,553,000	-	1,553,000
						<u>\$ 2,622,000</u>	<u>\$ 5,251,000</u>	<u>\$ 2,622,000</u>	<u>\$ 5,251,000</u>
					Notes Issued		\$ 5,251,000		
					Paid by Budget Appropriation		-	\$ 2,622,000	
							<u>\$ 5,251,000</u>	<u>\$ 2,622,000</u>	

BOROUGH OF OAKLAND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2016		2017 Authorizations		Capital Surplus	Cancelled Accounts Payable	Cancelled Improvement Authorizations/ Adjustments	Paid or Charged	Balance, December 31, 2017	
			Funded	Unfunded	Down- payment or Capital Impvt.	Deferred Charges to Future Taxation					Funded	Unfunded
					Fund	Unfunded						
99-362/02-429/02-430	Library Addition		\$ 249,577							\$ 107,783	\$ 141,794	
07-561	Various Public Improvements		94,565								94,565	
08-586	Various Public Improvements		4,644					\$ 850	\$ 5,494		-	
09-607	Acquisition of Real Property		64,023							10,969	53,054	
10-636	Various Public Improvements		185,303							67,796	117,154	353
11-643	Various Public Improvements		230,667								230,318	349
12-663	New DPW Building		9,081						8,855	226	-	
12-670	Various Public Improvements		21,378							500	20,337	541
12-671	Purchase of Capital Equipment		3								3	
13-684	New DPW Building-Supplemental		146						(786)	932	-	
13-689	Various Public Improvements		2,948						614	\$ 2,334	-	
13-690	Recreation Improvements		267,590						(1,315)	34,219	234,286	400
14-704	Various Public Improvements		791,912						(20,591)	663,452	148,138	913
14-705	Acquisition & Demolition of Flood Prone Properties		413,223								413,223	
15-717	Various Public Improvements		75,596						766	11,561	63,269	
15-718	Various Public Improvements		\$ 335,273						6,500	72,548	-	256,225
16-732	West Oakland Avenue Improvements		29,662							29,662	-	
16-741	Various Public Improvements		130,928						9,886	73,167	47,875	
16-742	Various Public Improvements		213,808						899	74,820	138,089	
16-743	Various Public Improvements		1,695,500	2,298,000						1,524,242	171,258	2,298,000
16-748	Van Allen House Improvements		176,120							13,310	162,810	
17-749	Renovation of the Oakland Public Library				\$ 82,000	\$ 1,553,000				1,532,334	-	102,666
17-752	Various Public Improvements						\$ 20,000			18,500	1,500	
17-760	Various Public Improvements and Acquisitions				334,000		100,000			168,266	265,734	
17-761	Various Public Improvements and Acquisition of New Communication Equipment		-	-	134,500	2,555,500	-	-	-	-	134,500	2,555,500
			<u>\$ 4,656,674</u>	<u>\$ 2,633,273</u>	<u>\$ 550,500</u>	<u>\$ 4,108,500</u>	<u>\$ 120,000</u>	<u>\$ 850</u>	<u>\$ 10,322</u>	<u>\$ 4,406,621</u>	<u>\$ 2,437,907</u>	<u>\$ 5,214,947</u>
							Deferred Charges Unfunded Fund Balance		\$ 2,198 8,124			
									<u>\$ 10,322</u>			
							Cash Disbursed Accounts Payable		\$ 2,874,632 1,531,989			
									<u>\$ 4,406,621</u>			

**BOROUGH OF OAKLAND
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2016	\$ 1,459,233
Increased by:	
Charges to Improvement Authorizations	<u>1,531,989</u>
	2,991,222
Decreased by:	
Cash Disbursements	\$ 1,373,233
Adjustments- Cancellations to Fund Balance	67,789
Cancelled Accounts Payable Restored to Improvement Authorizations	<u>850</u>
	<u>1,441,872</u>
Balance, December 31, 2017	<u>\$ 1,549,350</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE

Balance, December 31, 2016	\$ 3,882,549
Decreased by:	
Anticipated as Current Fund Anticipated Revenue	<u>2,525,000</u>
Balance, December 31, 2017	<u>\$ 1,357,549</u>

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, December 31, 2016	<u>\$ 9,000</u>
Balance, December 31, 2017	<u>\$ 9,000</u>

STATEMENT OF RESERVE FOR LADDER TRUCK

Balance, December 31, 2016	\$ 600,000
Increased by:	
2017 Budget Appropriation	<u>200,000</u>
Balance, December 31, 2017	<u>\$ 800,000</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016	\$ 348,367
Increased by:	
2017 Budget Appropriation	<u>700,000</u>
	1,048,367
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>550,500</u>
Balance, December 31, 2017	<u>\$ 497,867</u>

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

Ord. No.		Balance, December 31, 2016	2017 Authori- zations	Notes Issued	Cancelled	Balance, December 31, 2017
10-617	Various Capital Improvements	\$ 3,776				\$ 3,776
10-636	Various Capital Improvements	353				353
11-643	Various Capital Improvements (10-636 Supp)	349				349
11-652	Various Capital Improvements	962				962
12-670	Various Capital Improvements	541				541
12-677	Monhegan Ave. Drainage Improvements	338				338
13-690	Recreation Improvements	400				400
14-704	Various Public Improvements	913				913
15-718	Various Improvements	1,402,198		\$ 1,400,000	\$ 2,198	
16-743	Van Allen House Improvements	2,298,000		2,298,000		
17-749	Renovation of the Oakland Public Library		\$ 1,553,000	1,553,000		
17-761	Various Public Improvements and Acquisition of New Communication Equipment	-	2,555,500	-	-	2,555,500
		<u>\$ 3,707,830</u>	<u>\$ 4,108,500</u>	<u>\$ 5,251,000</u>	<u>\$ 2,198</u>	<u>\$ 2,563,132</u>

WATER UTILITY FUND

BOROUGH OF OAKLAND
STATEMENT OF WATER UTILITY CASH - WATER COLLECTOR-TREASURER

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2016	\$ 1,924,311	\$ 916,996
Increased by:		
Consumer Accounts Receivable	\$ 1,904,352	
Interest on Deposits		4,060
Miscellaneous	24,451	
Non-Budget	1,062	
Receipts from Water Utility Operating Fund		363,148
Receipts from Water Utility Capital Fund	4,216	
Receipts from Current Fund	<u>1,065</u>	<u>-</u>
	<u>1,935,146</u>	<u>367,208</u>
	3,859,457	1,284,204
Decreased by:		
2017 Budget Appropriations	1,262,844	
2016 Appropriation Reserves	28,551	
Accounts Payable	37,053	
Interest on Bonds	47,669	
Payments for Water Utility Operating Fund		4,216
Payments to Water Utility Capital Fund	<u>363,148</u>	<u>-</u>
	<u>1,739,265</u>	<u>4,216</u>
Balance, December 31, 2017	<u>\$ 2,120,192</u>	<u>\$ 1,279,988</u>

**BOROUGH OF OAKLAND
ANALYSIS OF WATER UTILITY CAPITAL CASH**

	Balance, December 31, <u>2017</u>
Fund Balance	\$ 181,086
Capital Improvement Fund	1,023,963
Accounts Payable	21,100
Reserve for Payment of Debt	54,425
 Ord.	
<u>No.</u> <u>Improvement Description</u>	
06-539 Various Capital Improvements	(47,333)
07-563 Lawlor/Walnut Water Mains	(330,030)
08-585 Water Improvements - Well #8	32,647
11-637 Various Water Improvements	232,379
12-659 Algonquin Trail Water Main	4,424
12-667 Algonquin Water Main -Supplemental	48,682
13-681 Lehigh/West Oakland Water Mains	58,437
15-719 Water Meters	<u>208</u>
	 <u>\$ 1,279,988</u>

EXHIBIT D-7

**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2016	\$ 254,650
Increased by:	
Water Rents Levied	<u>1,867,590</u>
	2,122,240
Decreased by:	
Cash Receipts	<u>1,904,352</u>
Balance, December 31, 2017	<u>\$ 217,888</u>

**BOROUGH OF OAKLAND
STATEMENT OF DEFERRED CHARGES
WATER UTILITY CAPITAL FUND**

	Balance December 31, 2016	Decreased by: Budget Appropriation	Balance December 31, 2017
Deferred Charges Unfunded	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>

**STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2016	<u>\$ 12,584,757</u>
Balance, December 31, 2017	<u>\$ 12,584,757</u>

**STATEMENT OF RESERVE FOR RATE STABILIZATION
WATER UTILITY OPERATING FUND**

Balance, December 31, 2016	\$ 150,000
Increased By:	
Transfer from Appropriation Reserves	<u>50,000</u>
Balance, December 31, 2017	<u>\$ 200,000</u>

**STATEMENT OF DUE FROM CURRENT FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2016	\$ 1,065
Decreased By:	
Receipts from Current Fund	<u>1,065</u>
Balance, December 31, 2017	<u>\$ -</u>

BOROUGH OF OAKLAND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2016</u>	Balance, December 31, <u>2017</u>
	Prior Year Unallocated	\$ 1,150,409	\$ 1,150,409
12-659	Algonquin Trail Water Main	30,000	30,000
13-681	Lehigh/West Oakland Water Main	<u>50,000</u>	<u>50,000</u>
		<u>\$ 1,230,409</u>	<u>\$ 1,230,409</u>

EXHIBIT D-13

STATEMENT OF APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance, December 31, <u>2016</u>	Budget After <u>Modifications</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 43,870	\$ 43,870	\$ 1,199	\$ 42,671
Other Expenses	48,500	67,306	55,417	11,889
Utilities	49,185	49,185	21,935	27,250
Statutory Expenditures				
Social Security	<u>4,753</u>	<u>4,753</u>	-	<u>4,753</u>
	<u>\$ 146,308</u>	<u>\$ 165,114</u>	<u>\$ 78,551</u>	<u>\$ 86,563</u>
Appropriation Reserves	\$ 146,308			
Cancelled Payables		<u>18,806</u>		
		<u>\$ 165,114</u>		
Cash Disbursements			\$ 28,551	
Transferred to Rate Stabilization			<u>50,000</u>	
			<u>\$ 78,551</u>	

EXHIBIT D-14

STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2016	\$ 55,859
Increased by:	
Charges to 2017 Appropriations	<u>62,528</u>
	118,387
Decreased by:	
Cash Disbursements	\$ 37,053
Cancelled Payables Restored to Appropriation Reserves	<u>18,806</u>
	<u>55,859</u>
Balance, December 31, 2017	<u>\$ 62,528</u>

BOROUGH OF OAKLAND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Balance, December 31, 2016		Balance, December 31, 2017	
		<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
06-539	Various Capital Improvements	\$ 362		\$ 362	
07-563	Lawlor/Walnut Water Mains		40,470		40,470
08-585	Water Improvements - Well #8	32,647		32,647	
11-637	Various Water Improvements	232,379		232,379	
12-659	Algonquin Trail Water Main	4,424		4,424	
12-667	Algonquin Water Main -Supplemental	48,682		48,682	
13-681	Lehigh/West Oakland Water Mains	58,437		58,437	
15-719	Water Meters	208	-	208	-
		<u>\$ 377,139</u>	<u>\$ 40,470</u>	<u>\$ 376,777</u>	<u>\$ 40,832</u>

BOROUGH OF OAKLAND
STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND

Balance, December 31, 2016	\$ 662,815
Increased by:	
Budget Appropriation	<u>361,148</u>
Balance, December 31, 2017	<u>\$ 1,023,963</u>

STATEMENT OF DUE FROM WATER UTILITY OPERATING FUND
WATER UTILITY CAPITAL FUND

Balance, December 31, 2016 (Due to)	\$ 156
Increased by:	
Payments to Water Utility Capital Fund	\$ 363,148
Interest Earned	<u>4,060</u>
	<u>367,208</u>
	367,364
Decreased by:	
Receipts from Water Utility Capital Fund	4,216
Budget Appropriations	
Capital Improvement Fund	361,148
Deferred Charges	<u>2,000</u>
	<u>367,364</u>
Balance, December 31, 2017	<u>\$ -</u>

BOROUGH OF OAKLAND
STATEMENT OF WATER SERIAL BONDS
WATER UTILITY CAPITAL FUND

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>		<u>Balance, December 31,</u>		<u>Balance, December 31,</u>
			<u>December 31, 2017</u>	<u>Outstanding</u>			<u>2016</u>	<u>Decreased</u>	<u>2017</u>
			<u>Date</u>	<u>Amount</u>					
Water Bonds	6/1/2015	\$ 1,995,000	12/1/2018	\$ 130,000	2.000	%			
			12/1/2019	130,000	2.000				
			12/1/2020	130,000	2.500				
			12/1/2021	135,000	3.000				
			12/1/2022	135,000	3.000				
			12/1/2023	135,000	3.000				
			12/1/2024	135,000	3.000				
			12/1/2025	135,000	3.000				
			12/1/2026	135,000	3.000				
			12/1/2027	135,000	3.000				
			12/1/2028	135,000	3.000				
			12/1/2029	135,000	3.125				
							\$ 1,735,000	\$ 130,000	\$ 1,605,000
							\$ 1,735,000	\$ 130,000	\$ 1,605,000

BOROUGH OF OAKLAND
STATEMENT OF ACCRUED INTEREST PAYABLE ON BONDS
WATER UTILITY OPERATING FUND

Balance, December 31, 2016	\$ 3,972
Increased by:	
Budget Appropriation	
Interest on Loans	47,452
	51,424
Decreased by:	
Interest Paid on Water Loan	47,669
Balance, December 31, 2017	<u>\$ 3,755</u>

EXHIBIT D-20

STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

Balance, December 31, 2016	\$ 10,849,757
Increased by:	
Serial Bonds Retired	130,000
Balance, December 31, 2017	<u>\$ 10,979,757</u>

EXHIBIT D-21

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
WATER UTILITY CAPITAL FUND

<u>Ord.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2016</u>	Balance December 31, <u>2017</u>
06-539	Various Water Improvements	\$ 47,695	\$ 47,695
07-563	Lawlor/Walnut Water Mains	<u>370,500</u>	<u>370,500</u>
		<u>\$ 418,195</u>	<u>\$ 418,195</u>

SEWER UTILITY FUND

BOROUGH OF OAKLAND
STATEMENT OF SEWER UTILITY CASH - TREASURER

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2016	\$ 491,169	\$ 118,113
Increased by Receipts:		
Interest on Investments and Deposits		\$ 524
Sewer Rents	\$ 418,116	
Non-Budget Revenue	2,608	
Receipts from Sewer Utility Operating Fund		38,725
Receipts from Sewer Utility Capital Fund	<u>544</u>	<u>-</u>
	<u>421,268</u>	<u>39,249</u>
	912,437	157,362
Decreased by Disbursements:		
2017 Budget Appropriations	305,987	
2016 Appropriation Reserves	8,176	
Encumbrances Payable	7,568	
Interest on Bonds	5,500	
Payments to Sewer Utility Capital Fund	<u>38,725</u>	<u>544</u>
	<u>365,956</u>	<u>544</u>
Balance, December 31, 2017	<u><u>\$ 546,481</u></u>	<u><u>\$ 156,818</u></u>

**BOROUGH OF OAKLAND
ANALYSIS OF SEWER UTILITY CAPITAL CASH**

	Balance, December 31, <u>2017</u>
Fund Balance	\$ 3,465
Capital Improvement Fund	137,823
Accounts Payable	21,193
Reserve for Payment of Debt	60,000
Ord.	
<u>No.</u>	<u>Improvement Description</u>
08-575	Various Public Improvements
08-584	Various Public Improvements
11-638	Various Public Improvements
	2,529
	7,582
	<u>(75,774)</u>
	<u>\$ 156,818</u>

**BOROUGH OF OAKLAND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE**

Balance, December 31, 2016	\$ 102,251
Increased by:	
Sewer Rents Levied	<u>422,650</u>
	524,901
Decreased by:	
Cash Received	<u>418,116</u>
Balance, December 31, 2017	<u>\$ 106,785</u>

BOROUGH OF OAKLAND
STATEMENT OF DUE TO/(FROM) SEWER UTILITY CAPITAL FUND
SEWER UTILITY OPERATING FUND

Balance, December 31, 2016 (Due to)		\$	20
Increased by:			
Payments to Sewer Utility Capital Fund	\$	38,725	
Interest Earned		<u>524</u>	
			<u>39,249</u>
			39,269
Decreased by:			
Receipts from Sewer Utility Capital Fund		544	39,269
Budget Appropriations			
Capital Improvement Fund		36,725	
Deferred Charges		<u>2,000</u>	
			<u>39,269</u>
Balance, December 31, 2017		\$	<u><u>-</u></u>

STATEMENT OF DEFERRED CHARGES
SEWER UTILITY CAPITAL FUND

	Balance, December 31, <u>2016</u>	Decreased: Budget <u>Appropriation</u>	Balance December 31, <u>2017</u>
Deferred Charge Unfunded	\$ <u>2,000</u>	\$ <u>2,000</u>	<u>-</u>

**BOROUGH OF OAKLAND
STATEMENT OF APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance December 31, <u>2016</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 2,659	\$ 2,659	\$ 1,320	\$ 1,339
Other Expenses	38,897	49,945	16,276	33,669
Utilities	2,884	3,584	3,580	4
Statutory Expenditures				
Social Security System	<u>231</u>	<u>231</u>	<u>-</u>	<u>231</u>
	<u>\$ 44,671</u>	<u>\$ 56,419</u>	<u>\$ 21,176</u>	<u>\$ 35,243</u>
Appropriation Reserves		\$ 44,671		
Cancelled Payables		<u>11,748</u>		
		<u>\$ 56,419</u>		
Cash Disbursements			\$ 8,176	
Transfer to Rate Stabilization			<u>13,000</u>	
			<u>\$ 21,176</u>	

EXHIBIT E-11

**STATEMENT OF RESERVE FOR ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2016	\$ 19,316
Increased by:	
Charges to 2017 Appropriations	<u>14,497</u>
	33,813
Decreased by:	
Payments	\$ 7,568
Cancelled Payables Restored to Appropriation Reserves	<u>11,748</u>
	<u>19,316</u>
Balance, December 31, 2017	<u>\$ 14,497</u>

BOROUGH OF OAKLAND
STATEMENT OF RESERVE FOR SEWER RATE STABILIZATION
SEWER UTILITY OPERATING FUND

Balance, December 31, 2016	\$ 40,000
Increased by:	
Transfer from Budget Appropriation	\$ 13,000
Transfer from Appropriation Reserves	<u>13,000</u>
	<u>26,000</u>
Balance, December 31, 2017	<u>\$ 66,000</u>

STATEMENT OF ACCRUED INTEREST ON BONDS
SEWER UTILITY OPERATING FUND

Balance, December 31, 2016	\$ 458
Increased by:	
Budget Appropriation	
Interest on Bonds	<u>5,475</u>
	5,933
Decreased by:	
Interest Paid on Sewer Bonds	<u>5,500</u>
Balance, December 31, 2017	<u>\$ 433</u>

BOROUGH OF OAKLAND
STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION
SEWER UTILITY CAPITAL FUND

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2016</u>	Balance, December 31, <u>2017</u>
08-575	Various Public Improvements	\$ 32,000	\$ 32,000
08-584	Various Public Improvements	<u>10,000</u>	<u>10,000</u>
		<u>\$ 42,000</u>	<u>\$ 42,000</u>

EXHIBIT E-15

STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

Balance, January 1, 2017	\$ 104,100
Increased by:	
Serial Bonds Retired	<u>15,000</u>
Balance, December 31, 2017	<u>\$ 119,100</u>

EXHIBIT E-16

STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2016</u>	Balance, December 31, <u>2017</u>
08-575	Various Public Improvements	\$ 32,000	\$ 32,000
08-584	Various Public Improvements	10,000	10,000
11-638	Various Public Improvements	<u>592,760</u>	<u>592,760</u>
		<u>\$ 634,760</u>	<u>\$ 634,760</u>

BOROUGH OF OAKLAND
STATEMENT OF SEWER UTILITY SERIAL BONDS
WATER UTILITY CAPITAL FUND

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>		<u>Balance, December 31,</u>		<u>Balance, December 31,</u>
			<u>Date</u>	<u>Amount</u>			<u>2016</u>	<u>Decreased</u>	<u>2017</u>
Sewer Bonds	6/1/2015	\$ 230,000	12/1/2018	\$ 15,000	2.000	%			
			12/1/2019	15,000	2.000				
			12/1/2020	15,000	2.500				
			12/1/2021	15,000	3.000				
			12/1/2022	15,000	3.000				
			12/1/2023	15,000	3.000				
			12/1/2024	15,000	3.000				
			12/1/2025	15,000	3.000				
			12/1/2026	15,000	3.000				
			12/1/2027	15,000	3.000				
			12/1/2028	15,000	3.000				
			12/1/2029	20,000	3.125				
							\$ 200,000	\$ 15,000	\$ 185,000
							\$ 200,000	\$ 15,000	\$ 185,000

BOROUGH OF OAKLAND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Balance, December 31, 2016		Balance, December 31, 2017	
		Funded	Unfunded	Funded	Unfunded
08-575	Various Sewer Improvements	\$ 2,529		\$ 2,529	
08-584	Various Sewer Improvements	7,582		7,582	
11-638	Various Sewer Improvements	<u>-</u>	<u>\$ 516,986</u>	<u>-</u>	<u>\$ 516,986</u>
		<u>\$ 10,111</u>	<u>\$ 516,986</u>	<u>\$ 10,111</u>	<u>\$ 516,986</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND

Balance, December 31, 2016	\$ 101,098
Increased by:	
Budget Appropriation	<u>36,725</u>
Balance, December 31, 2017	<u>\$ 137,823</u>

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND

Ord.	Improvement Description	Balance,	Balance,
		December 31, 2016	December 31, 2017
11-638	Various Sewer Improvements	<u>\$ 592,760</u>	<u>\$ 592,760</u>
		<u>\$ 592,760</u>	<u>\$ 592,760</u>

BOROUGH OF OAKLAND

COUNTY OF BERGEN

PART II

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Oakland, as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2019. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2017-001 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Oakland'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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and responses as item 2017-001.


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


Borough of Oakland's Responses to Findings

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

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 Oakland'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 Oakland's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
January 17, 2019

BOROUGH OF OAKLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>2017 Grant Receipts</u>	<u>Balance, December 31 2016</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustment</u>	<u>Balance, December 31, 2017</u>	<u>(Memo Only) Cumulative Expenditures</u>
U.S. Department of Environmental Protection Passed Thru the State of New Jersey Department of Environmental Protection Ord. No. 14-705 Acquisition of Flood Prone Properties	2014		\$ 325,000		\$(325,000)				\$ (325,000)	
U.S. Department of Transportation Passed Thru the State of New Jersey Department of Transportation Ord. No. 16-732 West Oakland Avenue Improvements	2016	20.205	100,000	\$ 25,000	4,662			\$ (4,662)	-	
Ord. No. 16-737 Page Drive Road Repairs	2016		149,000		(111,750)				(111,750)	\$ 37,250
U.S. Department of Housing and Urban Development Passed Thru State of New Jersey Housing and Urban Development Passed Thru County of Bergen Department of Community Development Ord. No. 15-718 Senior Center Bathroom Renovations	2015	14.218		21,300		\$ 21,300		(21,300)		
Passed Thru State of New Jersey Department of Community Affairs Hurricane Sandy Community Development Block Grant	2017	14.269	18,005	18,005		18,005	\$ 18,005			\$ 18,005
U.S. Department of Homeland Security Passed Thru the State of New Jersey Division of Law and Public Safety Public Assistance Grant (Hurricane Sandy)	2017	97.036	8,486	8,486		8,486	8,486			8,486
NJ State Police OEM Grant	2015		5,000		3,008				3,008	1,992
NJ State Police OEM Grant	2016		5,000		5,000	-	-	-	5,000	-
					<u>\$(424,080)</u>	<u>\$ 47,791</u>	<u>\$ 26,491</u>	<u>\$ (25,962)</u>	<u>\$ (428,742)</u>	<u>\$ 65,733</u>

Note: This schedule is not subject to Single Audit as defined by U.S. Uniform Guidance.

BOROUGH OF OAKLAND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2017 Grant Receipts (Memo)</u>	<u>Balance, December 31, 2016</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2017</u>	<u>(Memo Only) Cumulative Expenditures</u>
<u>State of New Jersey - Department of Environmental Protection</u>										
Clean Communities Grant	042-4900-765-1789000	2017	\$ 27,000	\$ 27,000		\$ 27,000			\$ 27,000	
		2016	59,574		\$ 59,574		\$ 16,552		43,022	\$ 16,552
		2015	22,872		13,541		13,541		-	13,541
Highlands - Plan Conformance	NA	2015	230,150		(230,150)				(230,150)	
		2015	230,150		215,871			\$ (1,168)	214,703	
		2009	50,000		(19,207)				(19,207)	
Highlands - Transfer Developmental Rights	NA	2009	25,000		(4,824)				(4,824)	
Recycling Tonnage Grant	042-752-6020	2017	23,545	23,545		23,545			23,545	
		Prior	54,366		37,553		17,352		20,201	17,352
<u>State of New Jersey - Department of Law and Public Safety</u>										
Body Armor Replacement Fund	066-1020-718-001	2017	2,428	2,428		2,428			2,428	
		2016	2,440			2,440			2,440	
		Prior	7,555		5,171		885		4,286	885
Drunk Driving Enforcement Fund	1110-448031020-22	2017	1,369	1,369		1,369			1,369	
		2016	9,752		9,752				9,752	
		2014	9,863		9,629		1,915		7,714	1,915
Alcohol Education and Rehabilitation Fund	9735-760-060000-60	2016	236			236			236	236
		2014	1,425		1,425				1,425	-
		2013	1,187		1,187				1,187	-
		2012	663		663		214		449	214
Police Accreditation Grant	NA	2013	25,000		3,250			(3,250)	-	-
<u>State of New Jersey - Department of Transportation</u>										
West Oakland Avenue Improvements	600086	2016	100,000	25,000		25,000	29,662	4,662		100,000
<u>State of New Jersey - Association of Environmental Commissions</u>										
ANJEC Sustainable Communities Land Use Grant	NA	2012	8,000		(8,000)				(8,000)	
<u>State of New Jersey - Department of Human Services</u>										
Passed Thru County of Bergen										
Municipal Alliance on Alcoholism and Drug Abuse	N/A	2017	9,876	8,466		9,876			9,876	
Municipal Alliance on Alcoholism and Drug Abuse		2016	12,345		2,469				2,469	
Municipal Alliance on Alcoholism and Drug Abuse		Prior	19,752		19,583	-	9,537	(1,410)	8,636	9,537
					<u>\$ 117,487</u>	<u>\$ 91,894</u>	<u>\$ 89,658</u>	<u>\$ (1,166)</u>	<u>\$ 118,557</u>	

N/A - Not Available

Note: This schedule is not subject to Single Audit in accordance with New Jersey OMB Circular 15-08.

BOROUGH OF OAKLAND
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 26,491	\$ 66,894	\$ 93,385
General Capital Fund	<u>21,300</u>	<u>25,000</u>	<u>46,300</u>
	<u>\$ 47,791</u>	<u>\$ 91,894</u>	<u>\$ 139,685</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

BOROUGH OF OAKLAND
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017

NOTE 5 DE MINIMIS INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

NOTE 6 RECLASSIFICATIONS

Certain grant programs have been reclassified at December 31, 2016 from federal (schedule A) to state programs (schedule B) for the following:

<u>Federal/State Grant Program</u>	<u>Account Number</u>	<u>CFDA</u>	<u>Balance, December 31, 2016</u>
U.S. Department of Transportation Ord. No. 16-732 West Oakland Avenue Improvements	600086	20.205	\$4,662

**BOROUGH OF OAKLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements

Modified, Presentation of Unaudited LOSAP Trust Fund

Internal control over financial reporting:

1) Material weakness(es) identified

_____ yes X no

2) Significant deficiency(ies) that are not
considered to be material weakness(es)?

 X yes _____ none

Noncompliance material to the financial
statements noted?

_____ yes X no

Federal Awards Section - NOT APPLICABLE

State Awards Section - NOT APPLICABLE

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

Finding 2017-001

Our audit revealed the following:

- The Current Fund general ledger balances were not in agreement with the December 31, 2017 unaudited financial statement.
- Several financial transactions were not recorded in the Borough's Other Trust Fund, Unemployment Trust Fund and Municipal Open Space Trust Fund general ledgers.

Criteria or Specific Requirement

NJAC 5:30-5.7.

Division of Local Government Services Technical Accounting Directive 85-3.

Condition

The Current Fund general ledger balances did not agree with the balances reported in the Borough's financial statements. In addition, financial transactions were not recorded in the Trust Fund general ledgers.

Cause

Unknown.

Effect

The accuracy of the Borough's Current and Trust Fund financial statements could be compromised.

Recommendation

The Borough review and reconcile its General Ledger and subsidiary records on a monthly basis to ensure that all transactions and journal entries are properly recorded.

Response

Borough personnel will continue to receive training with regards to recording and reconciling the various general ledgers to the subsidiary ledgers.

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

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

STATUS OF PRIOR YEAR FINDINGS

Finding

The Chief Financial Officer did not maintain the required fixed asset accounting system in accordance with N.J.A.C. 5:30-5.6.

Status

Corrective action was taken, but other current year findings were noted.

BOROUGH OF OAKLAND

COUNTY OF BERGEN

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

**BOROUGH OF OAKLAND
SUPPORTING DATA**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>2.796</u>	<u>\$2.720</u>	<u>\$2.666</u>

Apportionment of Tax Rate

Municipal	.639	.633	.621
Municipal Library	.037	.036	.036
Municipal Open Space Tax	.010	.010	.010
Regional High School	.538	.506	.494
Local School	1.294	1.268	1.246
County (Includes County Open Space Tax)	.278	.267	.259

Assessed Valuation Basis

2017	<u>\$2,171,692,300</u>	
2016	<u>\$2,174,755,100</u>	
2015		<u>\$2,172,524,400</u>

Comparison Of Tax Levies And Current Collections

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 60,834,575	\$ 60,762,716	99.88%
2016	59,243,045	58,816,021	99.28%
2015	58,033,896	57,920,732	99.81%

Delinquent Taxes

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

<u>December 31 Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2017	\$ 6,995	\$ 296,471	\$ 303,466	0.50%
2016	18,587	270,910	289,497	0.49%
2015	30,829	228,265	259,094	0.45%

BOROUGH OF OAKLAND
SUPPORTING DATA

Property Acquired By Tax Title Lien Foreclosure

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2017	\$1,054,950
2016	1,054,950
2015	1,054,950

Comparative Schedule Of Fund Balance

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2017	\$4,482,257	\$1,548,000
	2016	3,939,967	1,198,000
	2015	3,342,047	860,000
	2014	2,708,787	660,000
	2013	2,542,298	570,000
Water Utility Operating Fund	2017	\$1,653,931	\$265,000
	2016	1,569,443	60,000
	2015	1,252,609	50,000
	2014	602,172	50,000
	2013	606,949	87,000
Sewer Utility Operating Fund	2017	\$445,910	\$181,000
	2016	386,769	30,000
	2015	354,178	25,000
	2014	240,385	25,000
	2013	249,912	36,300

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Linda Schwager	Mayor	12/31/19
Christopher Visconti	Councilman	12/31/18
John Biale	Councilman	12/31/18
Sandra Coira	Councilwoman	12/31/17
Russell Talamini	Councilman	12/31/17
Eric Kulmala	Councilman	12/31/19
Robert Knapp	Councilman	12/31/19
Richard Kunze	Administrator	
Lisa Duncan	Municipal Clerk	
	Assessment Search Officer	
James Mangin	Chief Financial Officer	
	Treasurer	
Lidia Leszczynski	Tax Collector	
	Utility Collector	
	Tax Search Officer	
Nancy Lightbody	Water/Sewer Account Clerk	
Marjorie Angermueller	Payroll Supervisor	
Karin Dubowick	Registrar of Vital Statistics	
Scott Holzhauer	Tax Assessor	
Thomas Buonocore, Esq.	Municipal Court Judge	12/31/19
Dawn Baron	Municipal Court Administrator	
Andrew M. Cimiluca	Prosecutor	
Nina Remson, Esq.	Public Defender	
Daniel Hagberg	Construction Code Official	
	Fire Official	
	Building Sub-Code Official	
Thomas Zaconie	Plumbing Sub-Code Official	
Christopher Walthour	Electrical Sub-Code Official	
Ralph Porrino	Fire Sub-Code Official	

The Bergen County Municipal Excess Liability Insurance Fund provides public employee dishonesty and faithful performance coverage in the amount of \$1,000,000 for all employees.

BOROUGH OF OAKLAND SUPPLEMENTARY DATA

GENERAL COMMENTS

Current Year Findings

Our audit of taxes and utility accounts receivable revealed the following:

- There is a balance of \$3,943 in prior year delinquent taxes due to a difference between the prior year audit balance and the tax collector's records.
- There is a difference of \$20,730 in tax title liens between the prior year audit and the tax collector's records.
- The balance of outstanding tax overpayments as reported in the general ledger is not in agreement with the tax collector's records. There is a difference of \$108,893.
- The balance of the Water Utility Consumer accounts receivable reported in the Borough's financial statements was not in agreement with the utility collector's reports. There is a difference of \$14,881.

It is recommended that tax and utility account receivable balances be reviewed, reconciled and in agreement with the records maintained in the tax, utility and finance offices.

Our audit noted that several prior year current fund grant receivable balances remain uncollected. In addition, there are balances which remain unexpended for prior year appropriated grant reserves. It is recommended that balances for prior year grant receivables and appropriated grant reserves be reviewed and appropriate action be taken to clear the balances of record.

Our audit of expenditures noted instances where purchase orders were not created until the goods or services were rendered or an invoice was received from the vendors. It is recommended that purchase orders be encumbered prior to the ordering of goods or services.

Our audit revealed that the Borough's payroll agency bank account was not reconciled as of December 31, 2017. In addition, a payroll agency ledger by deduction was not maintained. It is recommended that the Borough's payroll agency bank account be reconciled on a monthly basis and the Borough implement and maintain a payroll agency ledger by deduction.

Our audit of the Other Trust Fund revealed that dedication by riders were not obtained for several trust fund reserves. It is recommended that all Trust Fund reserves be reviewed and approval be obtained from the Division of Local Government Services to expend dedicated trust funds.

A tax title lien redemption account is maintained by the Borough. This account consists of tax sale premiums on third party liens and monies collected for the redemption of liens. A trial balance or property listing of the reconciled bank balance is not currently maintained. It is recommended that a detailed accounting of monies in the tax title lien redemption account be maintained and available for audit.

Our audit of the Unemployment Trust Fund noted that the Borough has been assessed interest charges for several late tax payments. It is recommended that procedures be implemented to ensure that all unemployment bills are paid to the State by the required due date.

BOROUGH OF OAKLAND SUPPLEMENTARY DATA

GENERAL COMMENTS

Current Year Findings (Continued)

There exists unexpended improvement authorizations balances in the General Capital, Water Utility Capital and Sewer Utility Capital Funds. It is recommended that the unexpended improvement authorization balances be reviewed for potential re-appropriation or cancellations.

Our audit noted that a portion of the bond interest payment for the Water Utility Fund was charged to the Other Expense line item. An audit adjustment was made to correctly record the interest payment and accrued interest on bonds, therefore no audit recommendation is warranted.

There remains an open accounts payable balance in the Water Utility Capital and the Sewer Utility Capital Funds. It is recommended the year end accounts payable balances be reviewed and cleared of record.

The Borough's fixed asset report was prepared by an independent fixed asset appraisal company. Our audit noted that there were unrecorded additions of \$438,917 and unrecorded deletions of \$45,000. Furthermore, there were \$191,000 of fixed assets that were purchased in 2018. It is recommended that the Borough's procedures for recording all fixed asset additions and deletions be strengthened.

Our audit of payroll noted the following:

- A resolution establishing the annual salary of the employee was not submitted to the Borough Council for their approval.
- The employees personnel records does not include the historical annual salary of the respective individual.
- We noted differences between the base pay reported to the Division of Pensions and actual base pay for certain employees.
- Copies of the New Jersey income tax withholdings and unemployment insurance returns were not available for audit.
- Payments of state and federal withholding taxes made by the payroll service provider are not independently verified by Borough personnel.

It is recommended that:

- The Borough approve by resolution the respective employee annual salary and that all information be retained by the payroll department.
- Procedures be implemented to ensure that employee's base pay is accurately reported to the Division of Pensions.
- Copies of the New Jersey tax filings be obtained from the service provider quarterly and be retained for audit.
- Procedures be implemented to verify that all federal and state tax remittances have been made by its payroll service provider.

The Borough's valuation for compensated absences was calculated in total by bargaining unit and not detailed by individual employee. There was a listing of accumulated days by employee but no dollar value was assigned to each individual. It is recommended that the compensated absence liability be calculated by individual employee.

The Borough awarded a contract for Garbage and Recycling which was in excess of \$2 million but did not submit a post award notification form to the Office of the State Comptroller. It is recommended that the Borough submit the required post award notification forms to the Office of the State Comptroller upon award of any contract in excess of \$2 million.

Our audit of expenditures revealed that several political contribution disclosure forms (PCD) and business registration certificates (BRC) were not available for audit. It is recommended that the Borough obtain and retain for audit, copies of the political contributions forms and business registration certificates from vendors contractually required to submit.

BOROUGH OF OAKLAND SUPPLEMENTARY DATA

GENERAL COMMENTS

Current Year Findings (Continued)

Our audit of municipal departments revealed the following:

- The Borough does not have procedures in place to reconcile the municipal department revenues with the finance department accounting records.
- Documentation supporting amounts reported on the Uniform Construction Code annual report was not available for audit.
- Cash receipt ledgers were not maintained by the Police department or Board of Adjustment.

It is recommended that:

- The Borough implement accounting procedures to reconcile the municipal department revenues with the finance department records.
- Documentation supporting the amounts reported on the Uniform Construction Code annual report be retained for audit.
- Cash receipts ledgers be maintained by the Police Department and Board of Adjustment.

Our audit of the municipal court revealed that:

- It does not appear that the authorized partial payments (time payments) are being collected in a timely manner. The December 31, 2017 outstanding partial payment balance increased over \$44,000 or 28% from the prior year.
- There were 300 tickets on the "Tickets Assigned But Not Issued" report at December 31, 2017 that were outstanding for over six months.

It is recommended that:

- The outstanding partial payment balances be reviewed and action taken to collect the balances in a timely manner.
- Tickets Assigned Not Issued that have been outstanding for over six months be recalled.

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

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

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

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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

The minutes indicate that bids were requested by public advertising and awarded for the following items:

Renovations to Library
2017 Road Program
Fire House #2 Renovations

Garbage and Recycling Collection
Fire Turnout Gear

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear violations existed.

COLLECTION OF INTEREST ON DELINQUENT TAXES UTILITY RENTS

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

The Governing Body on January 11, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, R.S. 54:4-67 et seq., permits the Governing Body to fix the rate of interest to be charged for the nonpayment of taxes, assessments, or other municipal charges.

NOW, THEREFORE, BE IT RESOLVED, by the Borough of Oakland that the rate of interest on unpaid taxes shall be eight percent per annum on the first One Thousand Five Hundred (\$1,500.00) Dollars of delinquency and 18 percent per annum on any amount in excess of One Thousand Five Hundred (\$1,500.00) Dollars to be calculated from the date the tax was payable until the date of actual payment, provided that no interest shall be charged if payment of any installment is made on or before the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED that the rate of interest on unpaid water and sewer bills shall be eight percent per annum up to One Thousand Five Hundred (\$1,500.00) Dollars of delinquency and 18 percent per annum on any amount in excess of One Thousand Five Hundred (\$1,500.00) Dollars to be calculated from the date the bill was payable until the date of actual payment, provided that no interest shall be charged if payment of any bill is made within thirty (30) calendar days following the billing date; and

BE IT FURTHER RESOLVED that in addition to the interest provided above, on all delinquencies in excess of Ten Thousand (\$10,000.00) Dollars and which are not paid prior to the end of the fiscal year, the Tax Collector shall also collect a penalty of six (6) percent of the amount of the delinquency in excess of Ten Thousand (\$10,000.00) Dollars.

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Delinquent Assessments and Tax Title Liens

The last tax sale was held on December 20, 2017.

There were nineteen tax title liens receivable at December 31, 2017.

APPRECIATION

We desire to express our appreciation to the Administrator, Chief Financial Officer and other Borough staff who assisted us during the course of our audit.

SUGGESTIONS TO MANAGEMENT

1. Consideration be given to create and utilize a central cashier.

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The Borough review and reconcile its General Ledger and subsidiary records on a monthly basis to ensure that all transactions and journal entries are properly recorded.
- * 2. Tax and utility account receivable balances be reviewed, reconciled and in agreement with the records maintained in the tax, utility and finance offices.
- 3. Balances for prior year grant receivables and appropriated grant reserves be reviewed and appropriate action be taken to clear the balances of record.
- 4. Purchase orders be encumbered prior to the ordering of goods or services.
- * 5. The Borough's payroll agency bank account be reconciled on a monthly basis and the Borough implement and maintain a payroll agency ledger by deduction.
- * 6. All Trust Fund reserves be reviewed and approval be obtained from the Division of Local Government Services to expend dedicated trust funds.
- * 7. A detailed accounting of monies in the tax title lien redemption account be maintained and available for audit.
- 8. Procedures be implemented to ensure that all unemployment bills are paid to the State by the required due date.
- 9. The unexpended improvement authorization balances be reviewed for potential re-appropriation or cancellations.
- 10. The year end accounts payable balances be cleared of record.
- 11. The Borough's procedures for recording all fixed asset additions and deletions be strengthened.
- 12. The Borough approve by resolution the respective employee annual salary and that all information be retained by the payroll department.
- 13. Procedures be implemented to ensure that employee's base pay is accurately reported to the Division of Pensions.
- 14. Copies of the New Jersey tax filings be obtained from the service provider quarterly and be retained for audit.
- 15. Procedures be implemented to verify that all federal and state tax remittances have been made by its payroll service provider.

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**


RECOMMENDATIONS


16. The compensated absence liability be calculated by individual employee.
17. The Borough submit post award notification forms to the Office of the State Comptroller upon award of any contract in excess of \$2 million.
18. The Borough obtain and retain for audit copies of the political contribution forms and business registration certificates from vendors contractually required to submit.
19. The Borough implement accounting procedures to reconcile the municipal department revenues with the finance department records.
20. Documentation supporting the amounts reported on the Uniform Construction Code annual report be retained for audit.
21. Cash receipts ledgers be maintained by the Police Department and Board of Adjustment.
22. With respect to the Municipal Court:
 - The outstanding partial payment balances be reviewed and action taken to collect the balances in a timely manner.
 - Tickets Assigned Not Issued that have been outstanding for over six months be recalled.

A review was performed on all prior year's recommendations. Those recommendations which have not been corrected and which are repeated in this audit are denoted with an asterisk (*).

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

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


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411