

BOROUGH OF OAKLAND
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2018

BOROUGH OF OAKLAND

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BOROUGH OF OAKLAND

BERGEN COUNTY

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018



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, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of 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, 2018 and 2017, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 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 years ended December 31, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 14 percent and 15 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018 and 2017.

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, 2018 and 2017, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2018 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

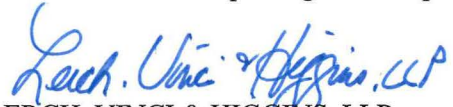
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Oakland as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 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
July 9, 2019

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017

| ASSETS | <u>Reference</u> | <u>2018</u> | <u>2017</u> |
|---|------------------|---------------------|----------------------|
| Cash | A-4 | \$ 7,196,255 | \$ 11,042,322 |
| Cash - Change Funds | A-5 | 250 | 250 |
| Due from State of New Jersey -Senior Citizens and Veterans Dedication | A-6 | 6,489 | - |
| Grants Receivable | A-9 | <u>349,554</u> | <u>340,219</u> |
| | | <u>7,552,548</u> | <u>11,382,791</u> |
| Receivables and Other Assets With Full Reserves | | | |
| Delinquent Property Taxes Receivable | A-7 | 18,075 | 6,995 |
| Tax Title Liens Receivable | A-8 | 313,407 | 296,471 |
| Property Acquired for Taxes - Assessed Valuation | A | 1,054,950 | 1,054,950 |
| Revenue Accounts Receivable | A-10 | <u>13,505</u> | <u>-</u> |
| | | <u>1,399,937</u> | <u>1,358,416</u> |
| Total Assets | | <u>\$ 8,952,485</u> | <u>\$ 12,741,207</u> |

LIABILITIES, RESERVES AND FUND BALANCE

| | | | |
|--|-----------|---------------------|----------------------|
| Liabilities | | | |
| Appropriation Reserves | A-3, A-11 | \$ 1,036,638 | \$ 1,793,319 |
| Encumbrances/Accounts Payable | A-12 | 679,475 | 543,435 |
| Prepaid Taxes | A-13 | 354,974 | 3,863,483 |
| Tax Overpayments | A-14 | 184,239 | 83,246 |
| County Taxes Payable | A-15 | 11,382 | 11,340 |
| Local School Taxes Payable | A-16 | 67,236 | - |
| Due to Municipal Open Space Trust Fund | B-15 | 830 | 408 |
| Reserve for Tax Appeals | A-18 | 305,190 | 100,598 |
| 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 | 389,364 | 444,592 |
| Unappropriated Grant Reserves | A-20 | 28,605 | 27,334 |
| Due to State of New Jersey | | | |
| Senior Citizens and Veterans | A-1 | - | 250 |
| Marriage License Fees Payable | A-22 | 25 | 25 |
| DCA Construction Code Fees Payable | A-21 | <u>4,176</u> | <u>3,354</u> |
| | | <u>3,091,284</u> | <u>6,900,534</u> |
| Reserve for Receivables and Other Assets | A | 1,399,937 | 1,358,416 |
| Fund Balance | A-1 | <u>4,461,264</u> | <u>4,482,257</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 8,952,485</u> | <u>\$ 12,741,207</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, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| REVENUES AND OTHER INCOME REALIZED | | |
| Fund Balance Utilized | \$ 1,548,000 | \$ 1,198,000 |
| Miscellaneous Revenues Anticipated | 3,574,608 | 5,900,181 |
| Receipts from Delinquent Taxes | 51,594 | 23,646 |
| Receipts from Current Taxes | 61,543,796 | 60,762,716 |
| Non-Budget Revenue | 60,731 | 204,753 |
| Other Credits to Income | | |
| Unexpended Balance of Appropriation Reserves | 799,621 | 964,541 |
| Cancelled Accounts Payable | 7,000 | |
| Cancellations | | 6,350 |
| Prior Year Prepaid School Tax | | 5,511 |
| Interfunds Liquidated | - | 8,537 |
| | <u>67,585,350</u> | <u>69,074,235</u> |
| EXPENDITURES | | |
| Budget Appropriations | | |
| Operations | | |
| Salaries and Wages | 7,206,350 | 6,965,800 |
| Other Expenses | 7,719,449 | 7,743,233 |
| Capital Improvements | 900,000 | 900,000 |
| Municipal Debt Service | 1,427,865 | 3,903,504 |
| Deferred Charges and Statutory Expenditures | 1,826,202 | 1,763,079 |
| County Taxes | 5,848,260 | 5,807,277 |
| County Open Space Preservation | 249,093 | 240,788 |
| County Share of Added and Omitted Taxes | 11,382 | 11,340 |
| Local District School Taxes | 28,533,426 | 28,088,656 |
| Regional School Taxes | 12,018,052 | 11,673,969 |
| Municipal Open Space Taxes | 217,797 | 222,233 |
| Other Debits | | |
| Prior Year Senior Citizens and Veterans Disallowed | | 3,750 |
| Refund of Prior Year Revenue | 100,467 | 10,316 |
| | <u>66,058,343</u> | <u>67,333,945</u> |
| Total Expenditures | | |
| Excess in Revenue | 1,527,007 | 1,740,290 |
| Fund Balance, January 1 | <u>4,482,257</u> | <u>3,939,967</u> |
| | 6,009,264 | 5,680,257 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | <u>1,548,000</u> | <u>1,198,000</u> |
| Fund Balance, December 31 | <u>\$ 4,461,264</u> | <u>\$ 4,482,257</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, 2018

| | <u>Budget</u> | <u>Special NJS 40A:4-87</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|----------------------|---------------------------------|---------------------|--------------------------------|
| FUND BALANCE ANTICIPATED | <u>\$ 1,548,000</u> | <u>-</u> | <u>\$ 1,548,000</u> | <u>-</u> |
| MISCELLANEOUS REVENUES | | | | |
| Licenses | | | | |
| Alcoholic Beverages | 24,000 | | 24,450 | \$ 450 |
| Other | 26,000 | | 35,027 | 9,027 |
| Fees and Permits | | | | |
| Construction Code Official | 199,000 | | 217,910 | 18,910 |
| Other | 170,000 | | 182,310 | 12,310 |
| Fines and Costs | | | | |
| Municipal Court | 125,000 | | 215,460 | 90,460 |
| Interest and Costs on Taxes | 60,000 | | 62,213 | 2,213 |
| Interest on Investments and Deposits | 40,000 | | 184,742 | 144,742 |
| Recreation Fees | 434,000 | | 453,454 | 19,454 |
| Energy Receipts Tax | 1,312,169 | | 1,312,204 | 35 |
| Public and Private Revenues Offset with Appropriations | | | | |
| Recycling Tonnage Grant | 27,334 | | 27,334 | |
| Municipal Alliance for Alcoholism and Drug Abuse | 9,876 | | 9,876 | |
| Alcohol Education and Rehabilitation Fund | | \$ 366 | 366 | |
| Body Armor Grant | | 6,195 | 6,195 | - |
| Community Forestry | 3,000 | | 3,000 | - |
| Other Special Items | | | | |
| Uniform Fire Safety Act | 28,500 | | 40,173 | 11,673 |
| Reserve for Payment of Open Space Debt Service | 200,000 | | 200,000 | - |
| Cellular Tower Lease | 148,500 | | 173,053 | 24,553 |
| Cablevision Franchise Fee | 128,000 | | 128,456 | 456 |
| Verizon Franchise Fee | 71,500 | | 76,777 | 5,277 |
| Real Property Lease | 72,000 | | 76,440 | 4,440 |
| Sale of Recyclables | 55,000 | | 10,731 | (44,269) |
| Shared Service Agreement - School Crossing Guards | 5,500 | | | (5,500) |
| Off Duty Police Officers Administrative Fees | 13,500 | | 24,637 | 11,137 |
| Pension Reimbursement - Library | 39,000 | | 39,000 | - |
| Pension Reimbursement - Water Utility | 61,600 | | 61,600 | - |
| Pension Reimbursement - Sewer Utility | 9,200 | | 9,200 | - |
| | <u>3,262,679</u> | <u>6,561</u> | <u>3,574,608</u> | <u>305,368</u> |
| RECEIPTS FROM DELINQUENT TAXES | <u>15,000</u> | <u>-</u> | <u>51,594</u> | <u>36,594</u> |
| AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET | | | | |
| Local Tax for Municipal Purposes | 13,877,937 | | 14,296,097 | 418,160 |
| Minimum Library Tax | 827,689 | - | 827,689 | - |
| | <u>14,705,626</u> | <u>-</u> | <u>15,123,786</u> | <u>418,160</u> |
| Total General Revenues | <u>\$ 19,531,305</u> | <u>\$ 6,561</u> | <u>20,297,988</u> | <u>\$ 760,122</u> |
| Non-Budget Revenue | | | <u>60,731</u> | |
| | | | <u>\$20,358,719</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, 2018
(Continued)

ANALYSIS OF REALIZED REVENUES

| | |
|---|---------------------------------|
| Allocation of Current Tax Collection | |
| Revenue from Collections | \$ 61,543,796 |
| Less: Allocation to School, County and Municipal Open Space Taxes | <u>46,878,010</u> |
| | 14,665,786 |
| Add: Appropriation "Reserve for Uncollected Taxes" | <u>458,000</u> |
| Balance for Support of Municipal Budget Appropriations | <u><u>\$ 15,123,786</u></u> |
| Delinquent Taxes | |
| Taxes Receivable | \$ 6,995 |
| Tax Title Liens | <u>44,599</u> |
| | <u><u>\$ 51,594</u></u> |
| Interest on Investments and Deposits | |
| Revenue Accounts Receivable | \$ 122,128 |
| Due from Animal Control Trust Fund | 159 |
| Due from Unemployment Insurance Trust Fund | 1,322 |
| Due from Other Trust Fund | 24,930 |
| Due from General Capital Fund | <u>36,203</u> |
| | <u><u>\$ 184,742</u></u> |
| Analysis of Non-Budget | |
| Borough Clerk - Raffle Licenses | \$ 100 |
| Police Department - Found Money | 296 |
| NSF Check Fees | 80 |
| False Alarm Fees | 3,510 |
| State Reimbursements | 979 |
| NJMVS Inspection Fines | 3,350 |
| Administration Fee - Senior and Veterans | 1,735 |
| Duplicate Tax Bill Fees | 1,445 |
| Copy Fees | 1,289 |
| Tax Assessor Fees | 464 |
| Hotel Tax | 308 |
| Sale of Municipal Assets | 26,919 |
| Miscellaneous | <u>20,256</u> |
| | <u><u>\$ 60,731</u></u> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Appropriated</u> | | <u>Expended</u> | |
|-------------------------------------|---------------------|--------------------------------------|----------------------------|-----------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> |
| OPERATIONS - WITHIN "CAPS" | | | | |
| GENERAL GOVERNMENT | | | | |
| General Administration | | | | |
| Salaries and Wages | \$ 250,550 | \$ 250,550 | \$ 228,910 | \$ 21,640 |
| Other Expenses | 7,000 | 7,000 | 4,640 | 2,360 |
| Communications Committee | | | | |
| Other Expenses | 12,000 | 12,000 | 10,293 | 1,707 |
| General Services | | | | |
| Salaries and Wages | 102,000 | 102,000 | 65,445 | 36,555 |
| Other Expenses | 66,000 | 66,000 | 63,116 | 2,884 |
| Mayor and Council | | | | |
| Salaries and Wages | 49,150 | 49,150 | 48,299 | 851 |
| Other Expenses | 30,000 | 30,000 | 20,157 | 9,843 |
| Municipal Clerk | | | | |
| Salaries and Wages | 87,200 | 87,200 | 87,199 | 1 |
| Other Expenses | 22,000 | 22,000 | 19,735 | 2,265 |
| Elections | | | | |
| Salaries and Wages | 2,100 | 2,100 | 2,100 | - |
| Other Expenses | 12,000 | 12,000 | 11,840 | 160 |
| Financial Administration | | | | |
| Salaries and Wages | 252,500 | 215,500 | 193,769 | 21,731 |
| Other Expenses | 51,000 | 51,000 | 38,485 | 12,515 |
| Audit Services | 37,000 | 37,000 | 29,500 | 7,500 |
| Information Technology | | | | |
| Other Expenses | 65,000 | 65,000 | 56,503 | 8,497 |
| Tax Assessment Administration | | | | |
| Salaries and Wages | 81,250 | 81,250 | 79,278 | 1,972 |
| Other Expenses | 15,150 | 15,150 | 13,356 | 1,794 |
| Revenue Administration | | | | |
| Salaries and Wages | 72,000 | 71,000 | 65,491 | 5,509 |
| Other Expenses | 10,300 | 11,300 | 7,052 | 4,248 |
| Legal Services & Costs | | | | |
| Other Expenses | 190,000 | 190,000 | 160,000 | 30,000 |
| Engineering Service & Costs | | | | |
| Other Expenses | 60,000 | 60,000 | 32,620 | 27,380 |
| Land Use Administration | | | | |
| Salaries and Wages | 16,350 | 16,350 | 13,972 | 2,378 |
| Other Expenses | 18,200 | 18,200 | 14,721 | 3,479 |
| Zoning Board of Adjustment | | | | |
| Salaries and Wages | 16,450 | 16,450 | 14,308 | 2,142 |
| Other Expenses | 7,800 | 7,800 | 7,763 | 37 |
| Insurance | | | | |
| Insurance, Other (Prop., Liab, W/C) | 464,000 | 464,000 | 320,722 | 143,278 |
| Employee Group Health | 1,900,000 | 1,900,000 | 1,657,207 | 242,793 |
| PUBLIC SAFETY FUNCTIONS | | | | |
| Police Department | | | | |
| Salaries and Wages | 4,395,450 | 4,395,450 | 4,268,108 | 127,342 |
| Other Expenses | 170,500 | 195,500 | 188,588 | 6,912 |
| Office of Emergency Management | | | | |
| Salaries and Wages | 8,650 | 8,650 | 8,614 | 36 |
| Other Expenses | 10,000 | 10,000 | 2,841 | 7,159 |
| Flood Control Committee | | | | |
| Salaries and Wages | 4,800 | 4,800 | 4,784 | 16 |
| Other Expenses | 1,500 | 1,500 | 500 | 1,000 |
| Aid to Volunteer First Aid | 46,870 | 46,870 | 46,870 | - |
| Fire Department | | | | |
| Salaries and Wages | 83,350 | 83,350 | 80,545 | 2,805 |
| Other Expenses | 112,500 | 112,500 | 101,458 | 11,042 |

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Appropriated</u> | | <u>Expended</u> | |
|---|---------------------|--------------------------------------|----------------------------|-----------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> |
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | |
| PUBLIC WORKS FUNCTION | | | | |
| Streets and Roads | | | | |
| Salaries and Wages | \$ 508,300 | \$ 508,300 | \$ 480,286 | \$ 28,014 |
| Other Expenses | 109,000 | 109,000 | 92,445 | 16,555 |
| Snow Removal | | | | |
| Salaries and Wages | 60,000 | 60,000 | 51,330 | 8,670 |
| Other Expenses | 80,000 | 80,000 | 77,333 | 2,667 |
| Solid Waste Collection | | | | |
| Salaries and Wages | 82,600 | 83,600 | 83,464 | 136 |
| Other Expenses | 1,347,000 | 1,337,000 | 1,322,556 | 14,444 |
| Buildings and Grounds | | | | |
| Salaries and Wages | 188,850 | 187,850 | 177,380 | 10,470 |
| Other Expenses | 157,000 | 167,000 | 165,962 | 1,038 |
| Vehicle Maintenance | | | | |
| Salaries and Wages | 71,700 | 71,700 | 70,201 | 1,499 |
| Other Expenses | 81,500 | 81,500 | 75,291 | 6,209 |
| HEALTH AND HUMAN SERVICES | | | | |
| Public Health Services | | | | |
| Salaries and Wages | 73,500 | 73,500 | 71,096 | 2,404 |
| Other Expenses | 173,100 | 173,100 | 168,195 | 4,905 |
| Environmental Commission | | | | |
| Salaries and Wages | 1,200 | 1,200 | 1,200 | - |
| Other Expenses | 1,000 | 1,000 | 590 | 410 |
| PARKS AND RECREATION FUNCTIONS | | | | |
| Recreation Services and Programs | | | | |
| Salaries and Wages | 164,600 | 164,600 | 154,736 | 9,864 |
| Other Expenses | 302,850 | 302,850 | 301,453 | 1,397 |
| Senior Citizens Activities | | | | |
| Salaries and Wages | 78,000 | 78,000 | 70,680 | 7,320 |
| Other Expenses | 34,500 | 34,500 | 30,374 | 4,126 |
| OTHER COMMON OPERATING FUNCTIONS | | | | |
| Accumulated Leave Compensation | | | | |
| Salaries and Wages | 200,000 | 200,000 | 200,000 | - |
| MUNICIPAL COURT | | | | |
| Salaries and Wages | 124,500 | 122,500 | 119,564 | 2,936 |
| Other Expenses | 10,300 | 12,300 | 11,128 | 1,172 |
| Public Defender | | | | |
| Other Expenses | 10,600 | 10,600 | 10,600 | - |
| Municipal Prosecutor | | | | |
| Other Expenses | 21,000 | 21,000 | 21,000 | - |
| Shade Tree | | | | |
| Other Expenses | 38,000 | 38,000 | 36,590 | 1,410 |

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Appropriated</u> | | <u>Expended</u> | |
|--|---------------------|--------------------------------------|----------------------------|-----------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</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 | \$ 269,300 | \$ 271,300 | \$ 271,074 | \$ 226 |
| Other Expenses | 6,000 | 4,000 | 895 | 3,105 |
| UTILITY EXPENSES AND BULK PURCHASES | | | | |
| Electricity | 120,500 | 123,500 | 117,383 | 6,117 |
| Street Lighting | 140,000 | 151,000 | 150,317 | 683 |
| Telephone | 90,000 | 93,000 | 90,974 | 2,026 |
| Natural Gas | 33,000 | 32,000 | 25,151 | 6,849 |
| Gasoline | 160,000 | 144,000 | 127,500 | 16,500 |
| Total Operations Within "CAPS" | 13,468,520 | 13,456,520 | 12,545,537 | 910,983 |
| Contingent | 5,000 | 5,000 | - | 5,000 |
| Total Operations Including Contingent - Within "CAPS" | 13,473,520 | 13,461,520 | 12,545,537 | 915,983 |
| Detail: | | | | |
| Salaries and Wages | 7,244,350 | 7,206,350 | 6,911,833 | 294,517 |
| Other Expenses (Including Contingent) | 6,229,170 | 6,255,170 | 5,633,704 | 621,466 |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | | | | |
| Statutory Charges | | | | |
| Public Employees Retirement System | 405,152 | 405,152 | 405,152 | |
| Social Security System (O.A.S.I.) | 480,000 | 490,000 | 483,463 | 6,537 |
| Police and Firemen's Retirement System | 865,915 | 865,915 | 865,915 | |
| Defined Contribution Retirement Plan | 6,000 | 8,000 | 6,567 | 1,433 |
| Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS" | 1,757,067 | 1,769,067 | 1,761,097 | 7,970 |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 15,230,587 | 15,230,587 | 14,306,634 | 923,953 |
| 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 | 13,250 | 13,250 | 13,229 | 21 |
| PUBLIC WORKS FUNCTIONS | | | | |
| Stormwater Management | | | | |
| Salaries and Wages | 61,100 | 61,100 | 59,865 | 1,235 |
| Other Expenses | 28,000 | 28,000 | 23,985 | 4,015 |
| EDUCATION | | | | |
| Maintenance of Free Public Library | 827,689 | 827,689 | 810,275 | 17,414 |
| Supplemental Library Funding | 45,000 | 45,000 | 45,000 | - |
| UNCLASSIFIED | | | | |
| Reserve for Tax Appeals | 350,000 | 350,000 | 350,000 | - |
| Total Other Operations Excluded From "CAPS" | 1,413,039 | 1,413,039 | 1,302,354 | 110,685 |

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Budget</u> | <u>Appropriated Budget After Modification</u> | <u>Paid or Charged</u> | <u>Expended Reserved</u> |
|--|---------------|---|----------------------------|------------------------------|
| PUBLIC AND PRIVATE PROGRAMS | | | | |
| OFFSET BY REVENUES | | | | |
| Matching Fund for Grants | \$ 2,000 | \$ 2,000 | | \$ 2,000 |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | |
| County Share | 9,876 | 9,876 | \$ 9,876 | - |
| Local Share | 2,469 | 2,469 | 2,469 | |
| Recycling Tonnage Grant | 27,334 | 27,334 | 27,334 | |
| Alcohol Education and Rehabilitation | | 366 | 366 | |
| Police Body Armor Fund Grant | | 6,195 | 6,195 | - |
| Community Forestry Grant | 3,000 | 3,000 | 3,000 | - |
| Total Public and Private Programs | | | | |
| Offset by Revenues | 44,679 | 51,240 | 49,240 | 2,000 |
| Total Operations Excluded from "CAPS" | 1,457,718 | 1,464,279 | 1,351,594 | 112,685 |
| Detail: | | | | |
| Other Expenses (Including Contingent) | 1,457,718 | 1,464,279 | 1,351,594 | 112,685 |
| CAPITAL IMPROVEMENTS - | | | | |
| Capital Improvement Fund | 900,000 | 900,000 | 900,000 | - |
| Total Capital Improvements | 900,000 | 900,000 | 900,000 | - |
| MUNICIPAL DEBT SERVICE - | | | | |
| Payment of Bond Principal | 935,000 | 935,000 | 935,000 | |
| Interest on Bonds | 361,590 | 361,590 | 361,590 | |
| Interest on Notes | 131,275 | 131,275 | 131,275 | - |
| Total Municipal Debt Service | 1,427,865 | 1,427,865 | 1,427,865 | - |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | |
| DEFERRED CHARGES | | | | |
| Deferred Charges Unfunded | \$ 57,135 | \$ 57,135 | \$ 57,135 | - |
| Total Deferred Charges | 57,135 | 57,135 | 57,135 | - |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | 3,842,718 | 3,849,279 | 3,736,594 | \$ 112,685 |
| Subtotal General Appropriations | 19,073,305 | 19,079,866 | 18,043,228 | 1,036,638 |
| Reserve for Uncollected Taxes | 458,000 | 458,000 | 458,000 | - |
| Total General Appropriations | \$ 19,531,305 | \$ 19,537,866 | \$ 18,501,228 | \$ 1,036,638 |
| Budget as Adopted | | \$ 19,531,305 | | |
| Added by NJSA 40A:4-87 | | 6,561 | | |
| | | \$ 19,537,866 | | |
| Cash Disbursed | | | \$ 16,964,513 | |
| Encumbrances Payable | | | 679,475 | |
| Reserve for Tax Appeals | | | 350,000 | |
| Transfer to Appropriated Grant Reserves | | | 49,240 | |
| Reserve for Uncollected Taxes | | | 458,000 | |
| | | | \$ 18,501,228 | |

**BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>Reference</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|----------------------|---------------------|
| ASSETS | | | |
| ANIMAL CONTROL FUND | | | |
| Cash | B-3 | \$ 5,908 | \$ 1,781 |
| Change Fund | B | <u>50</u> | <u>50</u> |
| | | <u>5,958</u> | <u>1,831</u> |
| OTHER TRUST FUND | | | |
| Cash | B-3 | <u>7,670,680</u> | <u>7,233,787</u> |
| | | <u>7,670,680</u> | <u>7,233,787</u> |
| UNEMPLOYMENT INSURANCE TRUST FUND | | | |
| Cash | B-3 | <u>140,238</u> | <u>142,058</u> |
| | | <u>140,238</u> | <u>142,058</u> |
| MUNICIPAL OPEN SPACE TRUST FUND | | | |
| Cash | B-3 | 764,507 | 760,829 |
| Due from Current Fund | B-15 | <u>830</u> | <u>408</u> |
| | | <u>765,337</u> | <u>761,237</u> |
| LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED) | | | |
| Investment | B | 1,384,836 | 1,428,668 |
| Contribution Receivables | B | <u>65,055</u> | <u>61,305</u> |
| | | <u>1,449,891</u> | <u>1,489,973</u> |
| Total Assets | | <u>\$ 10,032,104</u> | <u>\$ 9,628,886</u> |

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017
(Continued)

| | <u>Reference</u> | <u>2018</u> | <u>2018</u> |
|--|------------------|----------------------|---------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| ANIMAL CONTROL FUND | | | |
| Due to State of New Jersey | B-4 | \$ 5 | \$ 5 |
| Reserve for Animal Control Expenditures | B-6 | <u>5,953</u> | <u>1,826</u> |
| | | <u>5,958</u> | <u>1,831</u> |
| OTHER TRUST FUND | | | |
| Developer's Escrow and Other Reserves | B-11 | 2,977,316 | 3,451,548 |
| Reserve for Payroll Deductions Payable | B-14 | 94,066 | 94,066 |
| Reserve for Health Benefit Claims | B-12 | 3,909,908 | 3,035,597 |
| Reserve for Affordable Housing (COAH) | B-13 | <u>689,390</u> | <u>652,576</u> |
| | | <u>7,670,680</u> | <u>7,233,787</u> |
| UNEMPLOYMENT INSURANCE TRUST FUND | | | |
| Due to State of New Jersey | B-7 | 259 | 3,727 |
| Reserve for Unemployment Claims | B-8 | <u>139,979</u> | <u>138,331</u> |
| | | <u>140,238</u> | <u>142,058</u> |
| MUNICIPAL OPEN SPACE TRUST FUND | | | |
| Reserve for Expenditures | B-16 | <u>765,337</u> | <u>761,237</u> |
| | | <u>765,337</u> | <u>761,237</u> |
| LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED) | | | |
| Reserve for Length of Service Award Program | B | <u>1,449,891</u> | <u>1,489,973</u> |
| | | <u>1,449,891</u> | <u>1,489,973</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 10,032,104</u> | <u>\$ 9,628,886</u> |

BOROUGH OF OAKLAND
STATEMENT OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Budget</u> | <u>Anticipated Budget After Modification</u> | <u>Realized</u> | <u>Excess or Deficit</u> |
|---------------------------------|-------------------|--|-------------------|------------------------------|
| Amount to be Raised by Taxation | \$ 217,671 | \$ 217,671 | \$ 217,797 | \$ 126 |
| Interest Deposits | <u>-</u> | <u>-</u> | <u>6,938</u> | <u>6,938</u> |
| | <u>\$ 217,671</u> | <u>\$ 217,671</u> | <u>\$ 224,735</u> | <u>\$ 7,064</u> |

EXHIBIT B-2

STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <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 | |
| Other Expenses | <u>17,671</u> | <u>17,671</u> | <u>20,635</u> | <u>\$ (2,964)</u> |
| | <u>\$ 217,671</u> | <u>\$ 217,671</u> | <u>\$ 220,635</u> | <u>\$ (2,964)</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2018 AND 2017**

| | <u>Reference</u> | <u>2018</u> | <u>2017</u> |
|---|------------------|----------------------|----------------------|
| ASSETS | | | |
| Cash | C-2,C-3 | \$ 5,020,040 | \$ 5,705,706 |
| Deferred Charges to Future Taxation | | | |
| Funded | C-5 | 11,691,000 | 12,626,000 |
| Unfunded | C-6 | 10,474,547 | 7,686,432 |
| Grants Receivable | C-7 | <u>4,147,227</u> | <u>4,147,227</u> |
| | | <u>\$ 31,332,814</u> | <u>\$ 30,165,365</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| General Serial Bonds | C-8 | \$ 11,691,000 | \$ 12,626,000 |
| Bond Anticipation Notes | C-9 | 5,251,000 | 5,251,000 |
| Improvement Authorizations | | | |
| Funded | C-10 | 2,140,513 | 2,437,907 |
| Unfunded | C-10 | 6,042,690 | 5,214,947 |
| Accounts Payable | C-11 | 3,035,801 | 1,549,350 |
| Reserve for Payment of Debt Service | C-12 | 1,367,049 | 1,357,549 |
| Reserve for Preliminary Costs | C | 9,000 | 9,000 |
| Reserve for Ladder Truck | C-14 | 800,000 | 800,000 |
| Reserve for Grants Receivable | C-7 | 150,000 | 150,000 |
| Capital Improvement Fund | C-15 | 635,361 | 497,867 |
| Fund Balance | C-1 | <u>210,400</u> | <u>271,745</u> |
| | | <u>\$ 31,332,814</u> | <u>\$ 30,165,365</u> |

There were bonds and notes authorized but not issued of \$5,400,750 and \$2,563,132 at December 31, 2018 and 2017 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, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Balance, January 1 | \$ 271,745 | \$ 273,404 |
| Increased by: | | |
| Premium on Sale of Bond Anticipation Notes | 48,993 | 42,428 |
| Cancelled Improvement Authorizations | <u>29,662</u> | <u>75,913</u> |
| | 350,400 | 391,745 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | <u>140,000</u> | <u>120,000</u> |
| Balance, December 31 | <u>\$ 210,400</u> | <u>\$ 271,745</u> |

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2018 AND 2017

| ASSETS | <u>Reference</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|----------------------|----------------------|
| OPERATING FUND | | | |
| Cash | D-5 | \$ 2,107,046 | \$ 2,120,192 |
| Change Fund | D | <u>50</u> | <u>50</u> |
| | | <u>2,107,096</u> | <u>2,120,242</u> |
| Receivables With Full Reserves | | | |
| Consumer Accounts Receivable | D-7 | <u>182,983</u> | <u>217,888</u> |
| | | <u>2,290,079</u> | <u>2,338,130</u> |
| CAPITAL FUND | | | |
| Cash | D-5,D-6 | 1,494,839 | 1,279,988 |
| Fixed Capital | D-9 | 13,276,932 | 12,584,757 |
| Fixed Capital Authorized and Uncompleted | D-12 | <u>684,246</u> | <u>1,230,409</u> |
| | | <u>15,456,017</u> | <u>15,095,154</u> |
| Total Assets | | <u>\$ 17,746,096</u> | <u>\$ 17,433,284</u> |

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2018 AND 2017
(Continued)

| | <u>Reference</u> | <u>2018</u> | <u>2017</u> |
|---|------------------|----------------------|----------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| OPERATING FUND | | | |
| Liabilities | | | |
| Appropriation Reserves | D-4,D-13 | \$ 87,570 | \$ 200,028 |
| Accounts Payable | D-14 | 110,229 | 62,528 |
| Reserve for Rate Stabilization | D-10 | 260,000 | 200,000 |
| Accrued Interest Payable on Bonds | D-19 | <u>3,540</u> | <u>3,755</u> |
| | | 461,339 | 466,311 |
| Reserve for Receivables | D | 182,983 | 217,888 |
| Fund Balance | D-1 | <u>1,645,757</u> | <u>1,653,931</u> |
| | | <u>2,290,079</u> | <u>2,338,130</u> |
| CAPITAL FUND | | | |
| Serial Bonds Payable | D-18 | \$ 1,475,000 | 1,605,000 |
| Accounts Payable | D-8 | 9,954 | 21,100 |
| Improvement Authorization | | | |
| Funded | D-15 | 309,851 | 376,777 |
| Unfunded | D-15 | 40,832 | 40,832 |
| Reserves for | | | |
| Amortization | D-20 | 11,333,841 | 10,979,757 |
| Deferred Amortization | D-11 | 734,142 | 812,214 |
| Payment of Debt | D | 54,425 | 54,425 |
| Capital Improvement Fund | D-16 | 1,183,814 | 1,023,963 |
| Fund Balance | D-2 | <u>314,158</u> | <u>181,086</u> |
| | | <u>15,456,017</u> | <u>15,095,154</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 17,746,096</u> | <u>\$ 17,433,284</u> |

There were bonds and notes authorized but not issued in the amount of \$418,195 at December 31, 2018 and 2017 (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, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| REVENUES AND OTHER INCOME | | |
| Fund Balance Anticipated | \$ 265,000 | \$ 60,000 |
| Rents | 1,880,903 | 1,904,352 |
| Miscellaneous | 45,185 | 28,511 |
| Water Capital Surplus | 150,000 | - |
| Non-Budget Revenue | | 1,062 |
| Other Credits to Income | | |
| Unexpended Balance of Appropriation Reserves | <u>187,363</u> | <u>86,563</u> |
| | <u>2,528,451</u> | <u>2,080,488</u> |
| EXPENDITURES | | |
| Budget Appropriations | | |
| Operating | 1,374,920 | 1,295,400 |
| Capital Improvements | 614,851 | 361,148 |
| Debt Service | 174,229 | 177,452 |
| Deferred Charges and Statutory Expenditures | 107,000 | 102,000 |
| Refund of Prior Year Revenue | <u>625</u> | <u>-</u> |
| | <u>2,271,625</u> | <u>1,936,000</u> |
| Excess in Revenue | 256,826 | 144,488 |
| Fund Balance, January 1 | <u>1,653,931</u> | <u>1,569,443</u> |
| | 1,910,757 | 1,713,931 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | <u>265,000</u> | <u>60,000</u> |
| Fund Balance, December 31 | <u>\$ 1,645,757</u> | <u>\$ 1,653,931</u> |

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Balance, January 1 | \$ 181,086 | \$ 181,086 |
| Increased by: | | |
| Improvement Authorizations Cancelled | <u>283,072</u> | <u>-</u> |
| | 464,158 | 181,086 |
| Decreased by: | | |
| Utilized as Revenue in Water Operating Fund | <u>150,000</u> | <u>-</u> |
| Balance, December 31 | <u>\$ 314,158</u> | <u>\$ 181,086</u> |

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|--------------------------------------|---------------------|---------------------|--------------------------------|
| Surplus Anticipated | \$ 265,000 | \$ 265,000 | |
| Rents | 1,850,000 | 1,880,903 | \$ 30,903 |
| Water Capital Surplus | 150,000 | 150,000 | |
| Miscellaneous | <u>6,000</u> | <u>45,185</u> | <u>39,185</u> |
| | <u>\$ 2,271,000</u> | <u>\$ 2,341,088</u> | <u>\$ 70,088</u> |
| Analysis of Miscellaneous Revenue | | | |
| Interest on Investments and Deposits | | \$ 24,894 | |
| Other Miscellaneous | | <u>20,291</u> | |
| | | <u>\$ 45,185</u> | |
| Analysis of Miscellaneous Revenue | | | |
| Cash Receipts | | \$ 34,874 | |
| Due from Water Utility Capital Fund | | <u>10,311</u> | |
| | | <u>\$ 45,185</u> | |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <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 | \$ 601,850 | \$ 601,850 | \$ 585,835 | \$ 16,015 |
| Other Expenses | 371,000 | 386,500 | 382,131 | 4,369 |
| Utilities | 276,500 | 259,000 | 218,803 | 40,197 |
| Employee Group Health | 73,800 | 73,800 | 73,800 | - |
| Other Insurance Premiums | 53,770 | 53,770 | 53,770 | - |
| CAPITAL IMPROVEMENTS | | | | |
| Capital Improvement Fund | 364,851 | 364,851 | 364,851 | - |
| Capital Outlay | 250,000 | 250,000 | 224,084 | 25,916 |
| DEBT SERVICE | | | | |
| Payment of Bond Principal | 130,000 | 130,000 | 130,000 | - |
| Interest on Bonds | 44,229 | 44,229 | 44,229 | - |
| STATUTORY EXPENDITURES | | | | |
| Public Employees Retirement System | 61,600 | 61,600 | 61,000 | 600 |
| Social Security System | <u>43,400</u> | <u>45,400</u> | <u>44,927</u> | <u>473</u> |
| | <u>\$ 2,271,000</u> | <u>\$ 2,271,000</u> | <u>\$ 2,183,430</u> | <u>\$ 87,570</u> |
| Cash Disbursed | | | \$ 1,968,972 | |
| Accounts Payable | | | 110,229 | |
| Transferred to Rate Stabilization Fund | | | 60,000 | |
| Interest on Bonds | | | <u>44,229</u> | |
| | | | <u>\$ 2,183,430</u> | |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2018 AND 2017

| | <u>Reference</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|---------------------|---------------------|
| ASSETS | | | |
| OPERATING FUND | | | |
| Cash | E-5 | \$ 539,028 | \$ 546,481 |
| Change Fund | E | <u>25</u> | <u>25</u> |
| | | 539,053 | 546,506 |
| Receivables with Full Reserves | | | |
| Consumer Accounts Receivable | E-7 | <u>93,844</u> | <u>106,785</u> |
| | | <u>632,897</u> | <u>653,291</u> |
| CAPITAL FUND | | | |
| Cash | E-5,E-6 | 193,868 | 156,818 |
| Fixed Capital | E | 304,100 | 304,100 |
| Fixed Capital Authorized and Uncompleted | E-16 | <u>934,760</u> | <u>634,760</u> |
| | | <u>1,432,728</u> | <u>1,095,678</u> |
| Total Assets | | <u>\$ 2,065,625</u> | <u>\$ 1,748,969</u> |

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2018 AND 2017

| | <u>Reference</u> | <u>2018</u> | <u>2017</u> |
|---|------------------|---------------------|---------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| OPERATING FUND | | | |
| Appropriation Reserves | E-4,E-10 | \$ 20,210 | \$ 19,666 |
| Encumbrances Payable | E-11 | 96,235 | 14,497 |
| Accrued Interest on Bonds | E-13 | 408 | 433 |
| Reserve for Sewer Rate Stabilization | E-12 | <u>79,000</u> | <u>66,000</u> |
| | | 195,853 | 100,596 |
| Reserve for Receivables | E | 93,844 | 106,785 |
| Fund Balance | E-1 | <u>343,200</u> | <u>445,910</u> |
| | | <u>632,897</u> | <u>653,291</u> |
| CAPITAL FUND | | | |
| Encumbrances Payable | E-9 | 63 | 21,193 |
| Improvement Authorizations | | | |
| Funded | E-18 | 15,171 | 10,111 |
| Unfunded | E-18 | 833,056 | 516,986 |
| Serial Bonds Payable | E-17 | 170,000 | 185,000 |
| Reserve for Amortization | E-15 | 134,100 | 119,100 |
| Deferred Reserve for Amortization | E-14 | 42,000 | 42,000 |
| Reserve for Debt Service | E | 60,000 | 60,000 |
| Capital Improvement Fund | E-19 | 174,873 | 137,823 |
| Fund Balance | E-2 | <u>3,465</u> | <u>3,465</u> |
| | | <u>1,432,728</u> | <u>1,095,678</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 2,065,625</u> | <u>\$ 1,748,969</u> |

There were bonds and notes authorized but not issued in the amount of \$892,760 and \$592,760 at December 31, 2018 and 2017. (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, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|
| REVENUE AND OTHER INCOME REALIZED | | |
| Operating Surplus Anticipated | \$ 181,000 | \$ 30,000 |
| Sewer Rents | 418,015 | 418,116 |
| Non-Budget Revenue | 7,175 | 3,132 |
| Other Credits | | |
| Unexpended Balance of Appropriation Reserves | <u>18,150</u> | <u>35,243</u> |
| Total Income | <u>624,340</u> | <u>486,491</u> |
| EXPENDITURES | | |
| Budget Appropriations | | |
| Operating | 475,325 | 321,050 |
| Capital Improvements | 37,050 | 36,725 |
| Debt Service | 20,175 | 20,475 |
| Deferred Charges and Statutory Expenditures | <u>13,500</u> | <u>19,100</u> |
| Total Expenditures | <u>546,050</u> | <u>397,350</u> |
| Excess in Revenue | 78,290 | 89,141 |
| Fund Balance, January 1 | <u>445,910</u> | <u>386,769</u> |
| | 524,200 | 475,910 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | <u>181,000</u> | <u>30,000</u> |
| Fund Balance, December 31 | <u>\$ 343,200</u> | <u>\$ 445,910</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, 2018 AND 2017

| | <u>2018</u> | <u>2017</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, 2018

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|-------------------------------------|--------------------|-------------------|--------------------------------|
| Surplus Anticipated | \$ 181,000 | \$ 181,000 | |
| Sewer Rents | <u>365,050</u> | <u>418,015</u> | <u>\$ 52,965</u> |
| | <u>\$ 546,050</u> | \$ 599,015 | <u>\$ 52,965</u> |
| Non Budget | | | |
| Miscellaneous | | 5,812 | |
| Due from Sewer Utility Capital Fund | | <u>1,363</u> | |
| | | <u>\$ 606,190</u> | |

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <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 | \$ 53,750 | \$ 53,750 | \$ 53,632 | \$ 118 |
| Other Expenses | 367,500 | 358,500 | 344,568 | 13,932 |
| Utilities | 32,000 | 41,000 | 35,014 | 5,986 |
| Employee Group Health | 10,900 | 10,900 | 10,900 | - |
| Other Insurance Premiums | 11,175 | 11,175 | 11,175 | - |
| CAPITAL IMPROVEMENTS | | | | |
| Capital Improvement Fund | 37,050 | 37,050 | 37,050 | |
| DEBT SERVICE | | | | |
| Payment of Bond Principal | 15,000 | 15,000 | 15,000 | |
| Interest on Bonds | 5,175 | 5,175 | 5,175 | |
| STATUTORY EXPENDITURES | | | | |
| Contribution to | | | | |
| Public Employees Retirement System | 9,200 | 9,200 | 9,200 | |
| Social Security System | 4,300 | 4,300 | 4,126 | 174 |
| Total Sewer Utility Appropriations | \$ 546,050 | \$ 546,050 | \$ 525,840 | \$ 20,210 |
| | | | | |
| Cash Disbursed | | | \$ 411,430 | |
| Transfer to Rate Stabilization Reserve | | | 13,000 | |
| Interest on Bonds | | | 5,175 | |
| Encumbrances Payable | | | 96,235 | |
| | | | <u>\$ 525,840</u> | |

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|-------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Land | \$ 26,856,400 | \$ 26,856,400 |
| Buildings and Building Improvements | 9,284,701 | 9,284,701 |
| Machinery and Equipment | <u>9,102,770</u> | <u>8,753,544</u> |
| Total Assets | <u>\$ 45,243,871</u> | <u>\$ 44,894,645</u> |
| FUND BALANCE | | |
| Investment in General Fixed Assets | <u>\$ 45,243,871</u> | <u>\$ 44,894,645</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 AND 2017

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.

Municipal Open Space 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, 2018 AND 2017

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, 2017 balances to conform to the December 31, 2018 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.

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

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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.

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

**BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Deferred Charges - Certain expenditures 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.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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, 2018 AND 2017**

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 2018 and 2017 the Borough Council increased the original Current Fund budget by \$6,561 and \$32,797. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2018 and 2017.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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.

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, 2018 and 2017, the book value of the Borough's deposits were \$25,132,784 and \$28,990,337 and bank and brokerage firm balances of the Borough's deposits amounted to \$25,980,811 and \$26,718,256, 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>2018</u> | <u>2017</u> |
| Insured | \$ 28,980,811 | \$ 26,718,256 |

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, 2018 and 2017, none of the Borough's bank balances were 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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2018 and 2017, the Borough had the following investments:

| | <u>2018</u> | <u>Fair Value</u> | <u>2017</u> |
|----------------------------------|--------------------|------------------------------|--------------------|
| Investment: | | | |
| Length of Service Awards Program | | | |
| Lincoln Financial (Unaudited) | \$ 1,384,836 | | \$ 1,428,668 |

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, 2018 and 2017, \$1,384,836 and \$1,428,668 of the Borough's investments was exposed to custodial credit risk as follows:

| | <u>2018</u> | <u>2017</u> |
|---|--------------------|--------------------|
| <u>Uninsured and Collateralized:</u> | | |
| Collateral held by pledging financial institution's trust | | |
| department not in the Borough's name (Unaudited) | \$ 1,384,836 | \$ 1,428,668 |

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 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, the Borough's investment in Lincoln Financial Group was rated Ba1 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 were 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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2018 consisted of the following:

| | <u>Current</u> | <u>Utility</u> | | <u>Total</u> |
|--------------------|-------------------|-------------------|------------------|-------------------|
| | | <u>Water</u> | <u>Sewer</u> | |
| <u>2018</u> | | | | |
| Property Taxes | \$ 18,075 | | | \$ 18,075 |
| Tax Title Liens | 313,407 | | | 313,407 |
| Utility Rents | - | \$ 182,983 | \$ 93,844 | 276,827 |
| | <u>\$ 331,482</u> | <u>\$ 182,983</u> | <u>\$ 93,844</u> | <u>\$ 608,309</u> |

In 2018, the Borough collected \$51,594 and \$324,673 from delinquent taxes and utility charges and fees, which represented 17% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2017.

Receivables at December 31, 2017 consisted of the following:

| | <u>Current</u> | <u>Utility</u> | | <u>Total</u> |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| | | <u>Water</u> | <u>Sewer</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> |

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.

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>2018</u> | | <u>2017</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 | | \$ 830 | | \$ 408 |
| Trust Funds | | | | |
| Municipal Open Space | \$ 830 | - | \$ 408 | - |
| Total | <u>\$ 830</u> | <u>\$ 830</u> | <u>\$ 408</u> | <u>\$ 408</u> |

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

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

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 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:

| | 2018 | | 2017 | |
|------------------------------|--|---|--|---|
| | Fund Balance <u>December 31,</u> | Utilized in Subsequent <u>Year's Budget</u> | Fund Balance <u>December 31,</u> | Utilized in Subsequent <u>Year's Budget</u> |
| Current Fund | | | | |
| Cash Surplus | \$ 4,105,221 | \$ 1,510,000 | \$ 4,142,038 | \$ 1,548,000 |
| Non-Cash Surplus | <u>356,043</u> | <u>-</u> | <u>340,219</u> | <u>-</u> |
| | <u>\$ 4,461,264</u> | <u>\$ 1,510,000</u> | <u>\$ 4,482,257</u> | <u>\$ 1,548,000</u> |
| Water Utility Operating Fund | | | | |
| Cash Surplus | <u>\$ 1,645,757</u> | <u>\$ 265,000</u> | <u>\$ 1,653,931</u> | <u>\$ 265,000</u> |
| Sewer Utility Operating Fund | | | | |
| Cash Surplus | <u>\$ 343,200</u> | <u>\$ 180,000</u> | <u>\$ 445,910</u> | <u>\$ 181,000</u> |

NOTE 7 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, 2018 and 2017.

| | Balance December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2018</u> |
|-------------------------------------|--|-------------------|-------------------|---|
| 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>\$ 466,192</u> | <u>\$ 116,966</u> | <u>9,102,770</u> |
| | <u>\$ 44,894,645</u> | <u>\$ 466,192</u> | <u>\$ 116,966</u> | <u>\$ 45,243,871</u> |
| | 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> |

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 FIXED ASSETS (Continued)

B. Water and Sewer Utility Funds Fixed Assets

The following is a summary of changes in the water and sewer utility funds fixed assets for the years ended December 31, 2018 and 2017.

| | Balance December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2018</u> |
|-----------------------------------|--|-------------------|-------------------|---|
| Water Utility Capital Fund | | | | |
| Fixed Capital | | | | |
| Unallocated | <u>\$ 12,584,757</u> | <u>\$ 692,175</u> | <u>\$ -</u> | <u>\$ 13,276,932</u> |

| | Balance December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2017</u> |
|---------------|--|------------------|-------------------|---|
| Fixed Capital | | | | |
| Unallocated | <u>\$ 12,584,757</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,584,757</u> |

| | Balance December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2018</u> |
|-----------------------------------|--|------------------|-------------------|---|
| Sewer Utility Capital Fund | | | | |
| Fixed Capital | | | | |
| Unallocated | <u>\$ 304,100</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 304,100</u> |

| | Balance December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2017</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, 2018 AND 2017

NOTE 8 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 general capital, 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>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|
| Issued | | |
| General | | |
| Bonds and Notes | \$ 16,942,000 | \$ 17,877,000 |
| Water Utility | | |
| Bonds | 1,475,000 | 1,605,000 |
| Sewer Utility | | |
| Bonds | <u>170,000</u> | <u>185,000</u> |
| Total Issued | 18,587,000 | 19,667,000 |
| Less Funds Temporarily Held to Pay Bonds and Notes | <u>1,658,677</u> | <u>1,599,674</u> |
| Net Debt Issued | 16,928,323 | 18,067,326 |
| Authorized But Not Issued | | |
| General | | |
| Bonds and Notes | 5,400,750 | 2,563,132 |
| Water Utility | | |
| Bonds and Notes | 418,195 | 418,195 |
| Sewer Utility | | |
| Bonds and Notes | <u>892,760</u> | <u>592,760</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 23,640,028</u> | <u>\$ 21,641,413</u> |

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .90% and .78% at December 31, 2018 and 2017, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|------------------------------|----------------------|---------------------|----------------------|
| <u>2018</u> | | | |
| General Debt | \$ 22,342,750 | \$ 1,544,252 | \$ 20,798,498 |
| School Debt | 5,042,803 | 5,042,803 | |
| Water and Sewer Utility Debt | <u>2,955,955</u> | <u>2,955,955</u> | <u>-</u> |
| Total | <u>\$ 30,341,508</u> | <u>\$ 9,543,010</u> | <u>\$ 20,798,498</u> |
| <u>2017</u> | | | |
| General Debt | \$ 20,440,132 | \$ 1,485,249 | \$ 18,954,883 |
| School Debt | 5,583,440 | 5,583,440 | |
| Water and Sewer 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> |

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>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$ 85,966,043 | \$ 84,576,818 |
| Less: Net Debt | <u>20,798,498</u> | <u>18,954,883</u> |
| Remaining Borrowing Power | <u>\$ 65,167,545</u> | <u>\$ 65,621,935</u> |

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 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>2018</u> | <u>2017</u> |
|--|-----------------------------|-----------------------------|
| \$1,096,000, 2006 Bonds, due in annual installments of \$90,000 to \$96,000 through December 1, 2021, interest at 4.00% | \$ 281,000 | \$ 366,000 |
| \$14,235,000, 2015 Bonds, due in annual installments of \$900,000 to \$1,120,000 through December 1, 2029, interest at 2.00-3.125% | <u>11,410,000</u> | <u>12,260,000</u> |
| | <u>\$ 11,691,000</u> | <u>\$ 12,626,000</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>2018</u> | <u>2017</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% | <u>\$ 1,475,000</u> | <u>\$ 1,605,000</u> |

Sewer Utility

| | | |
|---|-------------------|-------------------|
| \$230,000, 2015 Bonds, due in annual installments of \$15,000 to \$20,000 through December 1, 2029, interest at 2.00-3.125% | <u>\$ 170,000</u> | <u>\$ 185,000</u> |
|---|-------------------|-------------------|

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8 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, 2018 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> | |
| 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 | 1,025,000 | 227,450 | 135,000 | 28,519 | 15,000 | 3,325 | 1,434,294 |
| 2024-2028 | 5,390,000 | 665,500 | 675,000 | 81,845 | 75,000 | 9,875 | 6,897,220 |
| 2029 | 1,120,000 | 35,000 | 135,000 | 4,219 | 20,000 | 625 | 1,314,844 |
| | <u>\$ 11,691,000</u> | <u>\$ 2,138,970</u> | <u>\$ 1,475,000</u> | <u>\$ 266,109</u> | <u>\$ 170,000</u> | <u>\$ 31,325</u> | <u>\$ 15,772,404</u> |

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

| | Balance, December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2018</u> | Due Within One Year |
|-----------------------------------|---|------------------|-------------------|---|---------------------------|
| <u>General Capital Fund</u> | | | | | |
| Bonds Payable | <u>\$ 12,626,000</u> | <u>\$ -</u> | <u>\$ 935,000</u> | <u>\$ 11,691,000</u> | <u>\$ 990,000</u> |
| <u>Water Utility Capital Fund</u> | | | | | |
| Bonds Payable | <u>\$ 1,605,000</u> | <u>\$ -</u> | <u>\$ 130,000</u> | <u>\$ 1,475,000</u> | <u>\$ 130,000</u> |
| <u>Sewer Utility Capital Fund</u> | | | | | |
| Bonds Payable | <u>\$ 185,000</u> | <u>\$ -</u> | <u>\$ 15,000</u> | <u>\$ 170,000</u> | <u>\$ 15,000</u> |
| | Balance, December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2017</u> | Due Within One Year |
| <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, 2018 AND 2017**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

| | Rate (%) | Maturity Date | Balance December 31, 2017 | Renewed/ Issued | Retired/ Redeemed | Balance, December 31, 2018 |
|------------------------------------|-------------|------------------|---------------------------------|---------------------|----------------------|----------------------------------|
| <u>General Capital Fund</u> | | | | | | |
| Various Improvements | 2.50% | 12/14/2018 | \$ 1,400,000 | | \$ 1,400,000 | |
| Various Improvements | 3.25% | 12/13/2019 | | \$ 1,400,000 | | \$ 1,400,000 |
| Van Allen House Improvements | 2.50% | 12/14/2018 | 2,298,000 | | 2,298,000 | |
| Van Allen House Improvements | 3.25% | 12/13/2019 | | 2,298,000 | | 2,298,000 |
| Renovation of Library | 2.50% | 12/14/2018 | 1,553,000 | | 1,553,000 | |
| Renovation of Library | 3.25% | 12/13/2019 | - | 1,553,000 | - | 1,553,000 |
| Total General Capital Fund | | | <u>\$ 5,251,000</u> | <u>\$ 5,251,000</u> | <u>\$ 5,251,000</u> | <u>\$ 5,251,000</u> |

| | Interest Rate (%) | Maturity Date | Balance December 31, 2016 | Issued | Retired | Balance, December 31, 2017 |
|------------------------------------|-------------------------|------------------|---------------------------------|---------------------|---------------------|----------------------------------|
| <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> |

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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2018 and 2017 the Borough had the following commitments with respect to unfinished capital projects:

| | <u>Construction Commitment</u> | <u>Estimated Date of Completion</u> |
|---|------------------------------------|---|
| <u>2018</u> | | |
| Library Renovations | \$ 57,456 | 2019 |
| New Radio Communication System | 544,390 | 2019 |
| Various Equipment | 56,876 | 2019 |
| 2018 Road Program | 1,310,917 | 2019 |
| 3 Ford F-350 Pick-Up Trucks | 107,484 | 2019 |
| Ford F-550 Dump Truck with Plow | 92,807 | 2019 |
| Barrier Netting Repair | 54,881 | 2019 |
| Fire Suppression System and Suspended Ceiling Replacement at Senior Center | 354,500 | 2019 |
| <u>2017</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 | 168,266 | 2018 |

NOTE 10 OPERATING LEASES

The Borough leases copiers under noncancelable operating leases. Lease payments for the years ended December 31, 2018 and 2017 were \$8,020 and \$0, respectively. The future minimum lease payments for these leases are as follows:

| <u>Year Ended December 31,</u> | <u>Amount</u> |
|--------------------------------|------------------|
| 2019 | 9,624 |
| 2020 | 9,624 |
| 2021 | 9,624 |
| 2022 | <u>1,604</u> |
| Total | <u>\$ 30,476</u> |

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 vacation benefits, sick leave and compensation time in lieu of overtime 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 \$1,246,204 and \$872,103 at December 31, 2018 and 2017, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2018 and 2017, the Borough has reserved in the Other Trust Fund \$362,036 and \$456,422, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

| | Balance, December 31, <u>2017</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2018</u> | Due Within <u>One Year</u> |
|-----------------------------------|---|---------------------|---------------------|---|----------------------------------|
| <u>2018</u> | | | | | |
| Compensated Absences | \$ 872,103 | \$ 768,487 | \$ 394,386 | \$ 1,246,204 | |
| Net OPEB Obligation | 27,915,612 | 1,624,099 | 586,152 | 28,953,559 | |
| Net Pension Liability | | | | | |
| PERS | 10,127,737 | | 1,900,870 | 8,226,867 | |
| PFRS | <u>15,104,830</u> | <u>-</u> | <u>2,727,860</u> | <u>12,376,970</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 54,020,282</u> | <u>\$ 2,392,586</u> | <u>\$ 5,609,268</u> | <u>\$ 50,803,600</u> | <u>\$ -</u> |

| | Balance, December 31, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Prior Period Adjustment | 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 | 19,778,704 | | | \$ 8,136,908 | 27,915,612 | |
| Net Pension Liability | | | | | | |
| PERS | 12,667,328 | | 2,539,591 | | 10,127,737 | |
| PFRS | <u>18,397,450</u> | <u>-</u> | <u>3,292,620</u> | <u>-</u> | <u>15,104,830</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 51,950,932</u> | <u>\$ -</u> | <u>\$ 6,067,558</u> | <u>\$ 8,136,908</u> | <u>\$ 54,020,282</u> | <u>\$ -</u> |

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PFRS:

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

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). 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 earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. 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 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.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

During the years ended December 31, 2018, 2017 and 2016, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

| <u>Year Ended</u> | | <u>PFRS</u> | <u>PERS</u> | <u>DCRP</u> |
|--------------------|----|-------------|-------------|-------------|
| <u>December 31</u> | | | | |
| 2018 | \$ | 865,915 | \$ 405,152 | \$ 6,567 |
| 2017 | | 785,245 | 379,965 | 5,466 |
| 2016 | | 759,481 | 382,220 | 4,125 |

In addition for the years ended December 31, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$2,106 and \$739, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Borough reported a liability of \$8,226,867 and \$10,127,737, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .04178 percent, which was a decrease of .00099 percent from its proportionate share measured as of June 30, 2017 of .042770 percent.

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$360,077 and \$722,606, respectively, for PERS based on the actuarial valuations which are more or less than the actual contributions reported in the Borough's financial statements of \$405,152 and \$379,965, respectively. At December 31, 2018 and 2017, 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>2018</u> | | <u>2017</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 | \$ 156,888 | \$ 42,420 | \$ 238,473 | |
| Changes of Assumptions | 1,355,651 | 2,630,515 | 2,040,390 | \$ 2,032,910 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 77,168 | 68,963 | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>221,696</u> | <u>610,611</u> | <u>334,125</u> | <u>430,180</u> |
| Total | <u>\$ 1,734,235</u> | <u>\$ 3,360,714</u> | <u>\$ 2,681,951</u> | <u>\$ 2,463,090</u> |

At December 31, 2018 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> |
|---|-----------------------|
| 2019 | \$ (22,298) |
| 2020 | (197,217) |
| 2021 | (653,600) |
| 2022 | (552,456) |
| 2023 | (200,908) |
| Thereafter | <u>-</u> |
| | <u>\$ (1,626,479)</u> |

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | <u>2018 and 2017</u> |
|---------------------------|-----------------------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| Through 2026 | 1.65-4.15% Based on Age |
| Thereafter | 2.65%-5.15% Based on Age |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | RP-2000 |

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

The actuarial assumptions used in the July 1, 2017 and 2016 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, 2018 AND 2017

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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

| <u>Asset Class</u> | <u>2018 and 2017</u> | |
|---------------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| US Equity | 30.00% | 8.19% |
| Non-US Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| 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>Calendar Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|----------------------|-------------------------|----------------------|
| 2018 | June 30, 2018 | 5.66% |
| 2017 | June 30, 2017 | 5.00% |

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Period of Projected Benefit | | |
| Payments for which the Following | | |
| Rates were Applied: | | |
| Long-Term Expected Rate of Return | Through June 30, 2046 | Through June 30, 2040 |
| Municipal Bond Rate * | From July 1, 2046 and Thereafter | From July 1, 2040 and Thereafter |

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, 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 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

| | 1% Decrease (4.66%) | Current Discount Rate (5.66%) | 1% Increase (6.66%) |
|--|------------------------------------|--|------------------------------------|
| <u>2018</u> | | | |
| Borough's Proportionate Share of the PERS Net Pension Liability | <u>\$ 10,344,337</u> | <u>\$ 8,226,867</u> | <u>\$ 6,450,445</u> |
| | 1% Decrease (4.00%) | Current Discount Rate (5.00%) | 1% Increase (6.00%) |
| <u>2017</u> | | | |
| 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> |

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017

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, 2018 and 2017, the Borough reported a liability of \$12,376,970 and \$15,104,830, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .091467 percent, which was a decrease of .004842 percent from its proportionate share measured as of June 30, 2017 of .096309 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$860,911 and \$1,435,096, respectively, for PFRS based on the actuarial valuations which are more or less than the actual contributions reported in the Borough's financial statements of \$865,915 and \$785,245, respectively. At December 31, 2018 and 2017, 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:

| | <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 | \$ 125,920 | \$ 51,219 | \$ 97,991 | \$ 88,653 |
| Changes of Assumptions | 1,062,396 | 3,172,004 | 1,862,594 | 2,473,730 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 67,713 | 288,236 | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>336,311</u> | <u>896,119</u> | <u>450,304</u> | <u>117,520</u> |
| Total | <u>\$ 1,524,627</u> | <u>\$ 4,187,055</u> | <u>\$ 2,699,125</u> | <u>\$ 2,679,903</u> |

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 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</u> <u>December 31,</u> | <u>Total</u> |
|---|-----------------------|
| 2019 | \$ 14,555 |
| 2020 | (428,744) |
| 2021 | (1,117,555) |
| 2022 | (806,911) |
| 2023 | (323,773) |
| Thereafter | <u>-</u> |
| | <u>\$ (2,662,428)</u> |

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| <u>2018 and 2017</u> | |
|---------------------------|--------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| Through 2026 | 2.10%-8.98% |
| | Based on Age |
| Thereafter | 3.10%-9.98% |
| | Based on Age |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | 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, 2017 and July 1, 2016 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, 2018 AND 2017

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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

| <u>Asset Class</u> | <u>2018 and 2017</u> | |
|---------------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.87% |
| US Equity | 30.00% | 8.19% |
| Non-US Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| 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>Calendar</u> | | |
|-----------------|-------------------------|----------------------|
| <u>Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
| 2018 | June 30, 2018 | 6.51% |
| 2017 | June 30, 2017 | 6.14% |

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Period of Projected Benefit | | |
| Payments for which the Following | | |
| Rates were Applied: | | |
| Long-Term Expected Rate of Return | Through June 30, 2062 | Through June 30, 2057 |
| Municipal Bond Rate * | From July 1, 2062 and Thereafter | From July 1, 2057 and Thereafter |

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, 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 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

| | 1% Decrease (5.51%) | Current Discount Rate (6.51%) | 1% Increase (7.51%) |
|--|------------------------------------|--|------------------------------------|
| <u>2018</u> | | | |
| Borough's Proportionate Share of the PFRS Net Pension Liability | \$ 16,565,038 | \$ 12,376,970 | \$ 8,922,576 |
| | 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 | \$ 19,901,857 | \$ 15,104,830 | \$ 11,163,526 |

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017

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, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,681,207 and \$1,691,868, respectively. For the years ended December 31, 2018 and 2017, 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 \$199,136 and \$206,954, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$99,568 and \$84,601, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .0914667 percent, which was a decrease of .004842 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .096309 percent. 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, 2018 AND 2017

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Borough provides a postemployment healthcare plan (OPEB) for its eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the Bergen Medical Employee Benefits Fund on behalf of the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough can amend the benefit terms and financing requirements of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

The Borough provides postretirement healthcare insurance benefits for retirees and their dependents who meet certain eligibility requirements.

Employees Covered by Postemployment Benefits

At December 31, 2018, the following employees were covered by postemployment health care benefits:

| | |
|--|------------|
| Active Employees | 48 |
| Inactive Employees or Beneficiaries Currently Receiving Benefits | <u>73</u> |
| | <u>121</u> |

At December 31, 2018 and 2017, the Borough's total OPEB liabilities were \$28,953,559 and \$27,915,612, respectively. Net OPEB liability was measured as of December 31, 2018 and 2017, respectively, and the OPEB liability was determined by an actuarial valuation as of those dates.

For the year ended December 31, 2018, the Borough has determined it's OPEB expense to be \$1,624,100 based on the actuarial valuations which is more than the actual contributions reported in the Borough's financial statements of \$586,152. At December 31, 2018 and 2017, the Borough had no deferred outflows of resources or deferred inflows of resources related to the OPEB plan.

Key Actuarial Assumptions

| | |
|---------------------------|--|
| Mortality | RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years. |
| Turnover | NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility. |
| Assumed Retirement Age | At first eligibility after the completion of 15 years of service police and white collar, later of 15 years of service and age 62 library, 25 years of service all others. |
| Full Attribution Period | Service to Assumed Retirement Age |
| Annual Discount Rate | 4.10% Based on the Bond Buyer 20 Index December 31, 2018. |
| CPI Increase | 2.5% |
| Rate of Salary Increase | 2.5% |
| Medical Trend | Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026. Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026. Dental: 3.5% per annum |
| Medical Cost Aging Factor | NJ SHBP Medical Morbidity Rates |

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Key Actuarial Assumptions (Continued)

- Attribution Period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per Capita Cost Methods – The valuation reflects per capita net premium costs based on actual 2018 medical, prescription drug and dental premiums and the plan option selected. Active employees are assumed to “opt-in” to the plan at retirement. The age specific cost was derived based on per person costs at the average age of the active population (44) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs.
- Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that a future retiree will contribute his/her current employee contribution as reported by the Borough increased annually by the rate of medical trend. 2018 employer contributions for retiree benefits as reported by the Borough are \$586 thousand.
- Actuarial Valuation Method – Entry Age Normal Funding Method based on a level percentage of salary. 2018 salaries were reported as \$6.399 million.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2018.

Changes in the Total OPEB Liability

The change in the Borough’s OPEB liability for the years ended December 31, 2018 and 2017 based on measurement dates of December 31, 2018 and 2017, respectively, are as follows:

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the Borough's OPEB liability for the year ended December 31, 2018 and 2017 based on measurement date of December 31, 2018 is as follows:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------------|----------------------|----------------------|
| Balance - January 1 | \$ 27,915,612 | \$ 18,233,367 |
| Changes for the Year: | | |
| Annual Required Contribution | | \$ 1,453,885 |
| Service Cost | \$ 472,215 | |
| Interest on the Total OPEB Liability | 1,151,884 | 820,501 |
| Benefit Payments | (586,152) | (729,049) |
| Prior Period Adjustment | - | 8,136,908 |
| Net Changes | <u>1,037,947</u> | <u>9,682,245</u> |
| Balance - December 31 | <u>\$ 28,953,559</u> | <u>\$ 27,915,612</u> |

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's net OPEB liability as of December 31, 2018 and 2017 calculated using the discount rate of 4.10%, as well as what the Borough's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 3.10% or 1-percentage-point higher 5.10% than the current rate:

| | <u>1%</u> <u>Decrease</u> | <u>Current</u> <u>Discount Rate</u> | <u>1%</u> <u>Increase</u> |
|--------------------|--|--|--|
| <u>2018</u> | | | |
| Net OPEB Liability | <u>\$ 31,913,933</u> | <u>\$ 28,953,559</u> | <u>\$ 26,475,405</u> |
| | <u>1%</u> <u>Decrease</u> | <u>Current</u> <u>Discount Rate</u> | <u>1%</u> <u>Increase</u> |
| <u>2017</u> | | | |
| Net OPEB Liability | <u>\$ 34,631,211</u> | <u>\$ 27,915,612</u> | <u>\$ 22,320,686</u> |

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough's net OPEB liability as of December 31, 2018 and 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--------------------|------------------------|--|------------------------|
| <u>2018</u> | | | |
| Net OPEB Liability | <u>\$ 26,850,731</u> | <u>\$ 28,953,559</u> | <u>\$ 31,465,053</u> |
| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
| <u>2017</u> | | | |
| Net OPEB Liability | <u>\$ 25,888,168</u> | <u>\$ 27,915,612</u> | <u>\$ 30,337,072</u> |

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.

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 Municipal Employee Benefits 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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 14 RISK MANAGEMENT (Continued)

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> |
|---|---|------------------------------------|---------------------------------|
| 2018 | \$ 12,462 | \$ 10,814 | \$ 139,979 |
| 2017 | 4,037 | 18,051 | 138,331 |
| 2016 | Not Available | 22,446 | 152,371 |

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, 2018 and 2017. 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, 2018 and 2017, the Borough reserved \$305,190 and \$100,598, 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, 2018 and 2017, 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.

**BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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, 2018 and 2017, 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.

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 \$1,384 and \$1,362 for 2018 and 2017, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$65,055 and \$61,305 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.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF OAKLAND
STATEMENT OF CURRENT CASH - COLLECTOR-TREASURER

| | | |
|--|-------------------|---------------------|
| Balance, December 31, 2017 | | \$ 11,042,322 |
| Increased by Receipts: | | |
| Taxes Receivable | \$ 57,595,808 | |
| Tax Title Liens | 44,599 | |
| Prepaid Taxes | 354,974 | |
| Tax Overpayments | 184,239 | |
| Grants Receivable | 10,102 | |
| Senior Citizens' and Veterans' Deductions - Due from State of NJ | 84,761 | |
| Revenue Accounts Receivable | 3,265,223 | |
| Non-Budget Revenue | 60,731 | |
| Receipts from Animal Control Trust Fund | 159 | |
| Receipts from Other Trust Fund | 24,930 | |
| Receipts from Municipal Open Space Trust Fund | 200,000 | |
| Receipts from Unemployment Insurance Trust Fund | 1,322 | |
| Receipts for General Capital Fund | 36,203 | |
| Unappropriated Grant Reserves | 28,605 | |
| Construction Code Fees | 18,250 | |
| | <u>61,909,906</u> | |
| | | 72,952,228 |
| Decreased by Disbursements: | | |
| 2018 Budget Appropriations | 16,964,513 | |
| 2017 Appropriation Reserves | 1,528,630 | |
| Appropriated Grant Reserves | 105,971 | |
| Tax Overpayments | 83,246 | |
| County Taxes Payable | 6,108,693 | |
| Local District School Taxes Payable | 28,466,190 | |
| Regional School Taxes Payable | 12,018,052 | |
| Reserve for Tax Appeals | 145,408 | |
| Payments to Municipal Open Space Trust Fund | 217,375 | |
| Construction Code Fees Payable | 17,428 | |
| Refund of Prior Year Revenue | 100,467 | |
| | <u>65,755,973</u> | |
| Balance, December 31, 2018 | | <u>\$ 7,196,255</u> |

**BOROUGH OF OAKLAND
STATEMENT OF CHANGE FUNDS**

| <u>Office</u> | Balance, December 31, <u>2017</u> | Balance, December 31, <u>2018</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/(FROM) STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

| | |
|---|-----------------|
| Balance, December 31, 2017 (Due To) | \$ 250 |
| Increased by: | |
| Cash Received from State of New Jersey | \$ 84,761 |
| Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2018 Taxes | <u>1,750</u> |
| | <u>86,511</u> |
| | \$ 86,761 |
| Decreased by: | |
| Senior Citizens' Deductions Per Tax Billings | 10,500 |
| Veterans' Deductions Per Tax Billings | 79,250 |
| Senior Citizens' and Veterans Deductions Allowed by Tax Collector | <u>3,500</u> |
| | <u>93,250</u> |
| Balance, December 31, 2018 (Due From) | <u>\$ 6,489</u> |

**BOROUGH OF OAKLAND
STATEMENT OF TAXES RECEIVABLE**

| <u>Year</u> | <u>Balance,</u> <u>December 31,</u> <u>2017</u> | <u>2018 Levy</u> | Senior Citizens' and Veterans' Deductions <u>Disallowed</u> | <u>Cash Collections</u> <u>2017</u> | <u>2018</u> | Senior Citizens' and Veterans' Deductions <u>Allowed</u> | Transfer to Tax Title Liens | <u>Cancelled</u> | <u>Balance,</u> <u>December 31,</u> <u>2018</u> |
|---------------|---|------------------|--|--|-------------------|---|-----------------------------------|------------------|---|
| Prior 2017 | \$ 3,943 3,052 | - | - | - | \$ 3,943 3,052 | - | - | - | \$ - - |
| | 6,995 | - | - | - | 6,995 | - | - | - | - |
| 2018 | - | \$ 61,701,584 | 1,750 | \$ 3,863,483 | 57,588,813 | \$ 93,250 | \$ 59,423 | \$ 80,290 | 18,075 |
| | \$ 6,995 | \$ 61,701,584 | \$ 1,750 | \$ 3,863,483 | \$ 57,595,808 | \$ 93,250 | \$ 59,423 | \$ 80,290 | \$ 18,075 |

Analysis of 2018 Property Tax Levy

Tax Yield

| | |
|---------------------------------|----------------------|
| General Purpose Tax | \$ 61,582,215 |
| Added Taxes (54:4-63.1 et seq.) | 119,369 |
| | <u>\$ 61,701,584</u> |

Tax Levy

| | |
|---|----------------------|
| Local District School Tax | \$ 28,533,426 |
| Regional School Tax | 12,018,052 |
| County Tax | 5,848,260 |
| County Open Space Tax | 249,093 |
| Due for Added and Omitted Taxes (54:4-63.1 et seq.) | 11,382 |
| | 46,660,213 |
| Local Tax for Municipal Purposes | 13,877,937 |
| Minimum Library Tax | 827,689 |
| Municipal Open Space Tax | 217,375 |
| Municipal Open Space Tax Added | 422 |
| Add Additional Tax Levies | 117,948 |
| | <u>15,041,371</u> |
| | <u>\$ 61,701,584</u> |

BOROUGH OF OAKLAND
STATEMENT OF TAX TITLE LIENS RECEIVABLE

| | | |
|--------------------------------|---------------|--------------------------|
| Balance, December 31, 2017 | | \$ 296,471 |
| Increased by: | | |
| Interest and Costs on Tax Sale | \$ 2,112 | |
| Transferred from 2018 Taxes | <u>59,423</u> | |
| | | <u>61,535</u> |
| | | 358,006 |
| Decreased by: | | |
| Collections | | <u>44,599</u> |
| Balance, December 31, 2018 | | <u><u>\$ 313,407</u></u> |

STATEMENT OF GRANTS RECEIVABLE

| | Balance, December 31, <u>2017</u> | Accrued in 2018 | <u>Collections</u> | Balance, December 31, <u>2018</u> |
|---|---|-------------------------|-------------------------|---|
| Municipal Alliance Grant | \$ 1,410 | \$ 9,876 | \$ 9,736 | \$ 1,550 |
| ANJEC Sustainable Land Use Grant | 8,000 | | | 8,000 |
| Highlands - Plan Conformance | 249,357 | | | 249,357 |
| Highlands - Transfer Development Rights | 4,824 | | | 4,824 |
| Alcohol Education and Rehabilitation Fund | | 366 | 366 | - |
| Body Armor Replacement Fund | | 6,195 | | 6,195 |
| Community Forestry | | 3,000 | | 3,000 |
| 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>17,125</u> | <u>-</u> | <u>-</u> | <u>17,125</u> |
| | <u><u>\$ 340,219</u></u> | <u><u>\$ 19,437</u></u> | <u><u>\$ 10,102</u></u> | <u><u>\$ 349,554</u></u> |

BOROUGH OF OAKLAND
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

| | Balance, December 31, <u>2017</u> | <u>Accrued</u> | <u>Collected</u> | Balance, December 31, <u>2018</u> |
|--|---|---------------------|---------------------|---|
| Licenses | | | | |
| Alcoholic Beverage | | \$ 24,450 | \$ 24,450 | |
| Other | | 35,027 | 35,027 | |
| Fees and Permits | | 182,310 | 182,310 | |
| Construction Code Official | | | | |
| Fees and Permits | | 217,910 | 217,910 | |
| Recreation | | | | |
| Fees and Permits | | 453,454 | 453,454 | |
| Municipal Court | | | | |
| Fines and Costs | | 228,965 | 215,460 | \$ 13,505 |
| Interest and Costs on Taxes | | 62,213 | 62,213 | |
| Interest on Investments and Deposits | | 122,128 | 122,128 | |
| Energy Receipts Tax | | 1,312,204 | 1,312,204 | |
| Uniform Fire Safety Act | | 40,173 | 40,173 | |
| Cellular Tower Lease | | 173,053 | 173,053 | |
| Cablevision Franchise Fee | | 128,456 | 128,456 | |
| Verizon Franchise Fee | | 76,777 | 76,777 | |
| Real Property Lease | | 76,440 | 76,440 | |
| Sale of Recyclables | | 10,731 | 10,731 | |
| Off Duty Police Officers Administrative Fees | | 24,637 | 24,637 | - |
| Pension Reimbursement - Library | | 39,000 | 39,000 | |
| Pension Reimbursement - Water Utility | | 61,200 | 61,600 | |
| Pension Reimbursement - Sewer Utility | - | 9,200 | 9,200 | - |
| | <u>\$ -</u> | <u>\$ 3,278,328</u> | <u>\$ 3,265,223</u> | <u>\$ 13,505</u> |

BOROUGH OF OAKLAND
STATEMENT OF APPROPRIATION RESERVES

| | Balance, December 31, <u>2017</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 | \$ 10,366 | | | 10,366 | \$ 4,820 | 5,546 |
| General Services | 858 | \$ 1,000 | | 1,858 | | 1,858 |
| Mayor and Council | 770 | 500 | | 1,270 | | 1,270 |
| Municipal Clerk | 1,683 | | | 1,683 | 1,640 | 43 |
| Financial Administration | 34,556 | (2,000) | | 32,556 | 2,669 | 29,887 |
| Tax Assessment | 2,599 | | | 2,599 | 1,510 | 1,089 |
| Revenue Administration | 768 | 1,000 | | 1,768 | 1,075 | 693 |
| Land Use Administration | 592 | | | 592 | 301 | 291 |
| Zoning Board of Adjustment | 1,120 | | | 1,120 | 349 | 771 |
| Police | 172,456 | | | 172,456 | 63,265 | 109,191 |
| Flood Control Committee | 122 | | | 122 | 69 | 53 |
| Office of Emergency Management | 211 | | | 211 | 165 | 46 |
| Fire | 3,388 | | | 3,388 | | 3,388 |
| Streets and Road Maintenance | 1,291 | 9,000 | | 10,291 | 9,242 | 1,049 |
| Snow Removal | 35,929 | | | 35,929 | 35,929 | - |
| Solid Waste Collection | 2,629 | | | 2,629 | 1,560 | 1,069 |
| Buildings and Grounds | 34,444 | | | 34,444 | 4,113 | 30,331 |
| Vehicle Maintenance | 40 | 1,500 | | 1,540 | 1,347 | 193 |
| Board of Health | 6,740 | | | 6,740 | 1,298 | 5,442 |
| Board of Recreation Commissioners | 27,962 | | | 27,962 | 461 | 27,501 |
| Senior Citizens Activities | 4,938 | | | 4,938 | 2,220 | 2,718 |
| Accumulated Leave Compensation | 100,000 | | | 100,000 | 100,000 | - |
| Municipal Court | 34,102 | | | 34,102 | 2,863 | 31,239 |
| Uniform Construction Code | 5,277 | | | 5,277 | 4,755 | 522 |
| Stormwater Management | 525 | - | - | 525 | - | 525 |
| Total Salaries and Wages | 483,366 | 11,000 | - | 494,366 | 239,651 | 254,715 |
| Other Expenses | | | | | | |
| General Administration | 4,223 | | \$ 648 | 4,871 | 1,054 | 3,817 |
| Communication Committee | 5,840 | | 400 | 6,240 | 400 | 5,840 |
| General Services | 1,052 | | 2,212 | 3,264 | 2,432 | 832 |
| Mayor and Council | 1,817 | (500) | 4,940 | 6,257 | 34 | 6,223 |
| Municipal Clerk | 5,025 | | 6,067 | 11,092 | 2,187 | 8,905 |
| Elections | 1,026 | | | 1,026 | | 1,026 |
| Financial Administration | 31,374 | | 1,451 | 32,825 | 4,255 | 28,570 |
| Information Technology | 16,479 | | 10,424 | 26,903 | 9,737 | 17,166 |
| Revenue Administration | 1,311 | 4,000 | | 5,311 | 4,935 | 376 |
| Tax Assessment Administration | 434 | | 3,800 | 4,234 | 2,445 | 1,789 |
| Legal Services and Costs | 42,187 | | 51,734 | 93,921 | 6,808 | 87,113 |
| Engineering Services | 1,720 | | 8,515 | 10,235 | 3,375 | 6,860 |
| Land Use Administration | 19 | | 9,383 | 9,402 | 1,934 | 7,468 |
| Zoning Board of Adjustment | 177 | | 2,824 | 3,001 | 1,217 | 1,784 |
| Insurance | | | | | | |
| General Liability | 88 | | | 88 | 88 | - |
| Other Insurance | 5,246 | | | 5,246 | 5,246 | - |
| Workers Compensation Insurance | 131,339 | | | 131,339 | 131,339 | - |
| Employee Group Insurance | 599,012 | | 13,511 | 612,523 | 612,523 | - |
| Police | 662 | 500 | 99,860 | 101,022 | 99,871 | 1,151 |
| Flood Control Committee | 1,500 | | | 1,500 | 343 | 1,157 |
| Office of Emergency Management | 5,955 | | 528 | 6,483 | 1,360 | 5,123 |

BOROUGH OF OAKLAND
STATEMENT OF APPROPRIATION RESERVES
(Continued)

| | Balance, December 31, 2017 | Transfers | Cancelled Payables | Balance After Modification | Expended | Balance Lapsed |
|--|----------------------------------|------------|-----------------------|----------------------------------|--------------|-------------------|
| Other Expenses (Continued) | | | | | | |
| Fire | \$ 10,494 | | \$ 33,864 | \$ 44,358 | \$ 34,232 | \$ 10,126 |
| Streets and Road Maintenance | 29,795 | \$ (9,000) | 20,438 | 41,233 | 14,056 | 27,177 |
| Snow Removal | 28,889 | | 19,994 | 48,883 | 48,883 | - |
| Shade Tree Commission | 14,985 | | 220 | 15,205 | 220 | 14,985 |
| Solid Waste Collection | 35,264 | | 133,380 | 168,644 | 127,214 | 41,430 |
| Buildings and Grounds | 6,858 | | 20,848 | 27,706 | 11,356 | 16,350 |
| Vehicle Maintenance | 3,880 | (1,500) | 12,772 | 15,152 | 8,597 | 6,555 |
| Board of Health | 7,765 | 3,500 | 5,125 | 16,390 | 14,298 | 2,092 |
| Environmental Health Services Commission | 535 | | | 535 | | 535 |
| Board of Recreation Commissioners | 12,342 | | 29,910 | 42,252 | 17,043 | 25,209 |
| Senior Citizens Activities | 961 | | 2,560 | 3,521 | 2,116 | 1,405 |
| Municipal Court | 2,132 | | 2,413 | 4,545 | 3,654 | 891 |
| Public Defender | | | 6,100 | 6,100 | 2,700 | 3,400 |
| Municipal Prosecutor | 11,550 | | 1,000 | 12,550 | 2,125 | 10,425 |
| Uniform Construction Code | 332 | | 2,255 | 2,587 | 1,715 | 872 |
| Gasoline | 65,000 | (8,000) | 20,083 | 77,083 | 15,487 | 61,596 |
| Electricity | 16,837 | | | 16,837 | 8,990 | 7,847 |
| Natural Gas | 7,789 | | 1,271 | 9,060 | 8,119 | 941 |
| Street Lighting | 16,950 | | 319 | 17,269 | 9,459 | 7,810 |
| Telephone | 94 | | 2,005 | 2,099 | 1,177 | 922 |
| Contingent | 5,000 | | | 5,000 | | 5,000 |
| Social Security | 38,209 | | | 38,209 | | 38,209 |
| Defined Contribution Retirement Program | 34 | | | 34 | | 34 |
| Length of Service Awards Program | 88,000 | | | 88,000 | 61,305 | 26,695 |
| Stormwater Management | 18,768 | | 1,823 | 20,591 | 1,140 | 19,451 |
| 911 System | | | 30 | 30 | | 30 |
| Maintenance of Free Public Library | 28,504 | | 2,225 | 30,729 | 3,510 | 27,219 |
| Matching Fund for Grants | 2,500 | - | - | 2,500 | - | 2,500 |
| Total Other Expenses | 1,309,953 | (11,000) | 534,932 | 1,833,885 | 1,288,979 | 544,906 |
| | \$ 1,793,319 | \$ - | \$ 534,932 | \$ 2,328,251 | \$ 1,528,630 | \$ 799,621 |

BOROUGH OF OAKLAND
STATEMENT OF ENCUMBRANCES/ACCOUNTS PAYABLE

| | |
|--|-------------------|
| Balance, December 31, 2017 | \$ 543,435 |
| Increased by: | |
| Charges to 2018 Budget Appropriation | <u>679,475</u> |
| | 1,222,910 |
| Decreased by: | |
| Cancelled | 7,000 |
| Cancelled Payables Restored to Appropriated Grant Reserves | 1,503 |
| Cancelled Payables Restored to Appropriation Reserves | <u>534,932</u> |
| | <u>543,435</u> |
| Balance, December 31, 2018 | <u>\$ 679,475</u> |

EXHIBIT A-13

STATEMENT OF PREPAID TAXES

| | |
|----------------------------|-------------------|
| Balance, December 31, 2017 | \$ 3,863,483 |
| Increased by: | |
| 2019 Taxes Collected | <u>354,974</u> |
| | 4,218,457 |
| Decreased by: | |
| Applied to 2018 Taxes | <u>3,863,483</u> |
| Balance, December 31, 2018 | <u>\$ 354,974</u> |

EXHIBIT A-14

STATEMENT OF TAX OVERPAYMENTS

| | |
|----------------------------|-------------------|
| Balance, December 31, 2017 | \$ 83,246 |
| Increased by: | |
| Overpayments | <u>184,239</u> |
| | 267,485 |
| Decreased by: | |
| Refunds | <u>83,246</u> |
| Balance, December 31, 2018 | <u>\$ 184,239</u> |

**BOROUGH OF OAKLAND
STATEMENT OF COUNTY TAXES PAYABLE**

| | | |
|--------------------------------|---------------|------------------|
| Balance, December 31, 2017 | | \$ 11,340 |
| Increased by: | | |
| 2018 Tax Levy | | |
| County Taxes | \$ 5,848,260 | |
| County Open Space Preservation | 249,093 | |
| Added and Omitted Taxes | <u>11,382</u> | |
| | | <u>6,108,735</u> |
| | | 6,120,075 |
| Decreased by: | | |
| Payments | | <u>6,108,693</u> |
| Balance, December 31, 2018 | | <u>\$ 11,382</u> |

EXHIBIT A-16

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

| | | |
|----------------------------|--|-------------------|
| Increased by: | | |
| Levy - Calendar Year 2018 | | \$ 28,533,426 |
| Decreased by: | | |
| Payments | | <u>28,466,190</u> |
| Balance, December 31, 2018 | | <u>\$ 67,236</u> |

EXHIBIT A-17

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

| | | |
|---------------------------|--|----------------------|
| Increased by: | | |
| Levy - Calendar Year 2018 | | \$ 12,018,052 |
| Decreased by: | | |
| Payments | | <u>\$ 12,018,052</u> |

BOROUGH OF OAKLAND
STATEMENT OF RESERVE FOR TAX APPEALS

| | |
|----------------------------|-------------------|
| Balance, December 31, 2017 | \$ 100,598 |
| Increased by: | |
| Budget Appropriation | <u>350,000</u> |
| | 450,598 |
| Decreased by: | |
| Tax Refunds | <u>145,408</u> |
| Balance, December 31, 2018 | <u>\$ 305,190</u> |

EXHIBIT A-19

STATEMENT OF APPROPRIATED RESERVES -
PUBLIC AND PRIVATE PROGRAMS

| | Balance, December 31, 2017 | Prior Year Encumbrances Cancelled | Transferred from 2018 Appropriations | Cash Disbursed | Balance, December 31, 2018 |
|--------------------------------------|----------------------------------|---|--|-------------------|----------------------------------|
| NJ State Police OEM Grant | \$ 8,008 | | | | \$ 8,008 |
| Recycling Tonnage Grant | 43,745 | | \$ 27,334 | \$ 39,908 | 31,171 |
| Clean Communities | 70,022 | \$ 1,503 | | 36,233 | 35,292 |
| Police Body Armor | 9,154 | | 6,195 | 4,982 | 10,367 |
| Drunk Driving Enforcement Fund | 18,835 | | | 3,731 | 15,104 |
| Alcohol Education and Rehabilitation | 3,297 | | 366 | 900 | 2,763 |
| Municipal Alliance Grant | 23,450 | | 12,345 | 15,732 | 20,063 |
| Community Forestry | | | 3,000 | | 3,000 |
| Highlands - Plan Conformance | 214,703 | | | 4,485 | 210,218 |
| Bergen County Open Space | | | | | |
| Ramapo Valley Park | 28,741 | | | | 28,741 |
| Van Allen/Stream House | 352 | | | | 352 |
| NJ Motor Vehicle Service Police Fees | <u>24,285</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,285</u> |
| | <u>\$ 444,592</u> | <u>\$ 1,503</u> | <u>\$ 49,240</u> | <u>\$ 105,971</u> | <u>\$ 389,364</u> |

BOROUGH OF OAKLAND
STATEMENT OF UNAPPROPRIATED GRANT RESERVES

| | Balance, December 31, 2017 | Cash Received | Appropriated in 2018 Budget | Balance, December 31, 2018 |
|--------------------------------|----------------------------------|------------------|-----------------------------------|----------------------------------|
| Clean Communities Grant | | \$ 25,829 | | \$ 25,829 |
| Drunk Driving Enforcement Fund | | 2,776 | | 2,776 |
| Recycling Tonnage Grant | <u>\$ 27,334</u> | <u>-</u> | <u>\$ 27,334</u> | <u>-</u> |
| | <u>\$ 27,334</u> | <u>\$ 28,605</u> | <u>\$ 27,334</u> | <u>\$ 28,605</u> |

EXHIBIT A-21

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

| | |
|---------------------------------|-----------------|
| Balance, December 31, 2017 | \$ 3,354 |
| Increased by: | |
| Cash Received | <u>18,250</u> |
| | 21,604 |
| Decreased by: | |
| Payments to State of New Jersey | <u>17,428</u> |
| Balance, December 31, 2018 | <u>\$ 4,176</u> |

EXHIBIT A-22

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

| | |
|----------------------------|--------------|
| Balance, December 31, 2017 | <u>\$ 25</u> |
| Balance, December 31, 2018 | <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, 2017 | \$ 1,781 | \$ 7,233,787 | \$ 142,058 | \$ 760,829 |
| Increased by Receipts: | | | | |
| COAH Proceeds | | \$ 56,690 | | |
| Interest on Investments and Deposits | \$ 159 | 24,930 | \$ 1,322 | \$ 6,938 |
| Employee Payroll Deductions | | 13,813,231 | 12,462 | |
| Developer's Escrow and Other Reserves | | 1,459,219 | | |
| State Dog License Fees | 1,754 | | | |
| Animal Control Fees | 17,226 | | | |
| Receipts from Current Fund | | | | 217,375 |
| Health Benefit Claim Receipts | - | 910,558 | - | - |
| | <u>19,139</u> | <u>16,264,628</u> | <u>13,784</u> | <u>224,313</u> |
| | 20,920 | 23,498,415 | 155,842 | 985,142 |
| Decreased by Disbursements: | | | | |
| Expenditures Under R.S. 4:19-15.11 | 13,099 | | | |
| Payments to Current Fund | 159 | 24,930 | 1,322 | 200,000 |
| Payments to State of New Jersey | 1,754 | | 13,768 | |
| Miscellaneous Payments | | | 514 | |
| Developer's Escrow and Other Reserves | | 1,933,451 | | |
| Payroll Deductions Payable | | 13,813,231 | | |
| Reserve for COAH Expenditures | | 19,876 | | |
| Reserve for Health Benefit Claims | | 36,247 | | |
| Municipal Open Space Expenditures | - | - | - | 20,635 |
| | <u>15,012</u> | <u>15,827,735</u> | <u>15,604</u> | <u>220,635</u> |
| Balance, December 31, 2018 | <u>\$ 5,908</u> | <u>\$ 7,670,680</u> | <u>\$ 140,238</u> | <u>\$ 764,507</u> |

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

| | |
|------------------------------------|--------------------|
| Balance, December 31, 2017 | \$ 5 |
| Increased by: | |
| Dog License Fees Collected in 2018 | <u>1,754</u> |
| | 1,759 |
| Decreased by: | |
| Payments to State of New Jersey | <u>1,754</u> |
| Balance, December 31, 2018 | <u><u>\$ 5</u></u> |

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

| | |
|--------------------------------------|--------------------|
| Increased by: | |
| Interest on Investments and Deposits | \$ 159 |
| Decreased by: | |
| Payments to Current Fund | <u>159</u> |
| Balance, December 31, 2018 | <u><u>\$ -</u></u> |

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

| | |
|--------------------------------------|------------------------|
| Balance, December 31, 2017 | \$ 1,826 |
| Increased by: | |
| Cash Receipts | <u>17,226</u> |
| | 19,052 |
| Decreased by: | |
| Expenditures Under R.S. 4:19 - 15.11 | <u>13,099</u> |
| Balance, December 31, 2018 | <u><u>\$ 5,953</u></u> |

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

| | |
|--|----------------------|
| Balance, December 31, 2017 | \$ 3,727 |
| Increased by: | |
| Unemployment Claims Due to State of New Jersey | \$ 10,099 |
| Late Charges Due to State of New Jersey | <u>201</u> |
| | <u>10,300</u> |
| | 14,027 |
| Decreased by: | |
| Payments to State of New Jersey | <u>13,768</u> |
| Balance, December 31, 2018 | <u><u>\$ 259</u></u> |

EXHIBIT B-8

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

| | |
|----------------------------------|--------------------------|
| Balance, December 31, 2017 | \$ 138,331 |
| Increased by: | |
| Employee Payroll Deductions | <u>12,462</u> |
| | 150,793 |
| Decreased by: | |
| Benefits Due State of New Jersey | \$ 10,300 |
| Miscellaneous | <u>514</u> |
| | <u>10,814</u> |
| Balance, December 31, 2018 | <u><u>\$ 139,979</u></u> |

EXHIBIT B-9

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

| | |
|----------------------------|--------------------|
| Increased by: | |
| Interest on Deposits | \$ 1,322 |
| Decreased by: | |
| Payments to Current Fund | <u>1,322</u> |
| Balance, December 31, 2018 | <u><u>\$ -</u></u> |

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

| | |
|----------------------------|---------------|
| Increased by: | |
| Interest on Investments | \$ 24,930 |
| Decreased by: | |
| Payments to Current Fund | <u>24,930</u> |
| Balance, December 31, 2018 | <u>\$ -</u> |

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

| | Balance, December 31, <u>2017</u> | <u>Increases</u> | <u>Decreases</u> | Balance December 31, <u>2018</u> |
|--------------------------------|---|---------------------|---------------------|--|
| Planning Board Escrow | \$ 230,480 | \$ 20,752 | \$ 20,970 | \$ 230,262 |
| Board of Adjustment Escrow | 119,263 | 109,087 | 92,651 | 135,699 |
| Other Trust Fund Reserves | 1,978,396 | 516,088 | 576,326 | 1,918,158 |
| Municipal Court Ticket Refunds | 105 | - | - | 105 |
| Sanitary Landfill | 2,102 | 19 | - | 2,121 |
| Redemption of Liens | 1,113,402 | 766,375 | 1,224,800 | 654,977 |
| Flexible Spending | <u>7,800</u> | <u>46,898</u> | <u>18,704</u> | <u>35,994</u> |
| | <u>\$ 3,451,548</u> | <u>\$ 1,459,219</u> | <u>\$ 1,933,451</u> | <u>\$ 2,977,316</u> |

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

| | |
|----------------------------|---------------------|
| Balance, December 31, 2017 | \$ 3,035,597 |
| Increased by: | |
| Cash Receipts | <u>910,558</u> |
| | 3,946,155 |
| Decreased by: | |
| Cash Disbursements | <u>36,247</u> |
| Balance, December 31, 2018 | <u>\$ 3,909,908</u> |

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

| | |
|----------------------------|-------------------|
| Balance, December 31, 2017 | \$ 652,576 |
| Increased by: | |
| Cash Receipts | <u>56,690</u> |
| | 709,266 |
| Decreased by: | |
| Cash Disbursements | <u>19,876</u> |
| Balance, December 31, 2018 | <u>\$ 689,390</u> |

EXHIBIT B-14

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

| | |
|----------------------------|-------------------|
| Balance, December 31, 2017 | \$ 94,066 |
| Increased by: | |
| Cash Receipts | <u>13,813,231</u> |
| | 13,907,297 |
| Decreased by: | |
| Cash Disbursements | <u>13,813,231</u> |
| Balance, December 31, 2018 | <u>\$ 94,066</u> |

EXHIBIT B-15

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

| | |
|-------------------------------------|----------------|
| Balance, December 31, 2017 | \$ 408 |
| Increased by: | |
| 2018 Tax Levy | \$ 217,375 |
| 2018 Added Tax Levy | 422 |
| Payments to Current Fund | <u>200,000</u> |
| | <u>417,797</u> |
| | 418,205 |
| Decreased by: | |
| Cash Receipts | 217,375 |
| Anticipated as Current Fund Revenue | <u>200,000</u> |
| | <u>417,375</u> |
| Balance, December 31, 2018 | <u>\$ 830</u> |

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

| | | | |
|--------------------------------------|--|---------------|--------------------------|
| Balance, December 31, 2017 | | | \$ 761,237 |
| Increased by: | | | |
| 2018 Tax Levy | | \$ 217,375 | |
| 2018 Added Tax Levy | | 422 | |
| Interest on Investments and Deposits | | <u>6,938</u> | |
| | | | <u>224,735</u> |
| | | | 985,972 |
| Decreased by: | | | |
| Anticipated as Current Fund Revenue | | 200,000 | |
| Expenditures | | <u>20,635</u> | |
| | | | <u>220,635</u> |
| Balance, December 31, 2018 | | | <u><u>\$ 765,337</u></u> |

GENERAL CAPITAL FUND

**BOROUGH OF OAKLAND
STATEMENT OF GENERAL CAPITAL CASH**

| | | |
|---|---------------|---------------------|
| Balance, January 1, 2018 | | \$ 5,705,706 |
| Increased by: | | |
| Interest on Investments and Deposits | \$ 36,203 | |
| Premium on Sale of Bond Anticipation Notes | 48,993 | |
| Receipts from Current Fund -Budget Appropriation: | | |
| Capital Improvement Fund | 700,000 | |
| Reserve for Ladder Truck | 200,000 | |
| Deferred Charges to Future Taxation - Unfunded | <u>57,135</u> | |
| | | <u>1,042,331</u> |
| | | 6,748,037 |
| Decreased by Disbursements: | | |
| Improvement Authorizations | 1,691,794 | |
| Payments to Current Fund | <u>36,203</u> | |
| | | <u>1,727,997</u> |
| Balance, December 31, 2018 | | <u>\$ 5,020,040</u> |

BOROUGH OF OAKLAND
ANALYSIS OF GENERAL CAPITAL CASH

| | Balance, December 31, <u>2018</u> |
|-------------------------------------|---|
| Fund Balance | \$ 210,400 |
| Capital Improvement Fund | 435,361 |
| Reserve for Preliminary Costs | 9,000 |
| Reserve for Ladder Truck | 1,000,000 |
| Grants Receivable | (3,997,227) |
| Accounts Payable | 3,035,801 |
| Reserve for Payment of Debt Service | 1,367,049 |
| Excess Note Proceeds | 177,203 |

Improvement Authorizations:

| Ord. No. | <u>Improvement Description</u> | |
|-------------|---|---------------------|
| 07-561 | Various Public Improvements | \$ 94,565 |
| 09-607 | Acquisition of Real Property | 46,274 |
| 12-670 | Various Public Improvements | 22,080 |
| 12-671 | Purchase of Capital Equipment | 3 |
| 13-690 | Recreation Improvements | 237,218 |
| 14-704 | Various Public Improvements | 465,123 |
| 14-705 | Acquisition & Demolition of Flood Prone Properties | 413,223 |
| 15-717 | Various Public Improvements | 57,000 |
| 15-718 | Various Public Improvements | 252,502 |
| 16-741 | Various Public Improvements | 33,913 |
| 16-742 | Various Public Improvements | 113,690 |
| 16-743 | Various Public Improvements | 2,133,959 |
| 16-748 | Van Allen House Improvements | 239,041 |
| 17-749 | Renovation of the Oakland Public Library | 2,347 |
| 17-760 | Various Public Improvements and Acquisitions | 108,944 |
| 17-761 | Various Public Improvements and Acquisition of New Communication Equipment | (1,381,343) |
| 18-770 | Various Public Improvements and Acquisitions | 309,439 |
| 18-771 | Various Public Improvements | <u>(365,525)</u> |
| | | <u>\$ 5,020,040</u> |

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

| | | |
|----------------------------|----|---------------|
| Increased by: | | |
| Interest on Investments | \$ | 36,203 |
| Decreased by: | | |
| Payments to Current Fund | | <u>36,203</u> |
| Balance, December 31, 2018 | \$ | <u>-</u> |

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

| | | |
|----------------------------|----|-------------------|
| Balance, December 31, 2017 | \$ | 12,626,000 |
| Decreased by: | | |
| 2018 Budget Appropriation | | |
| Bond Principal | | <u>935,000</u> |
| Balance, December 31, 2018 | \$ | <u>11,691,000</u> |

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

| Ord. No. | Improvement Description | Balance, December 31, 2017 | 2018 Authorizations | Funded by Budget Appropriation | Balance, December 31, 2018 | Analysis of Balance | | |
|---|---|----------------------------------|------------------------|--------------------------------------|----------------------------------|--|---------------------|---|
| | | | | | | Financed by Bond Anticipation Notes | Expenditures | Unexpended Improvement Authorizations |
| 10-617 | Various Capital Improvements | \$ 3,776 | | \$ 3,776 | | | | |
| 10-636 | Various Capital Improvements | 353 | | 353 | | | | |
| 11-643 | Various Capital Improvements | 349 | | 349 | | | | |
| 11-652 | Various Capital Improvements | 962 | | 962 | | | | |
| 12-670 | Various Capital Improvements | 541 | | 541 | | | | |
| 12-677 | Mohegan Avenue Drainage Improvements | 338 | | 338 | | | | |
| 13-690 | Recreation Improvements | 400 | | 400 | | | | |
| 14-704 | Various Public Improvements | 913 | | 913 | | | | |
| 15-718 | Various Public Improvements | 1,272,300 | | 49,503 | \$ 1,222,797 | \$ 1,222,797 | | |
| 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 | - | \$ 1,381,343 | \$ 1,174,157 |
| 18-771 | Various Public Improvements | - | \$ 2,845,250 | - | 2,845,250 | - | 365,525 | 2,479,725 |
| | | <u>\$ 7,686,432</u> | <u>\$ 2,845,250</u> | <u>\$ 57,135</u> | <u>\$ 10,474,547</u> | <u>\$ 5,073,797</u> | <u>\$ 1,746,868</u> | <u>\$ 3,653,882</u> |
| Bond Anticipation Notes | | | | | | \$ 5,251,000 | | |
| Less: Excess Note Proceeds Ord. 15-718 | | | | | | 177,203 | | |
| | | | | | | <u>\$ 5,073,797</u> | | |
| Improvement Authorizations - Unfunded | | | | | | | | \$ 6,093,411 |
| Less: Unexpended Proceeds of Bond Anticipation Notes: | | | | | | | | |
| Ord. 15-718 | | | | | | \$ 252,502 | | |
| Ord. 16-743 | | | | | | 2,184,680 | | |
| Ord. 17-749 | | | | | | 2,347 | | |
| | | | | | | | <u>2,439,529</u> | |
| | | | | | | | | <u>\$ 3,653,882</u> |

BOROUGH OF OAKLAND
SCHEDULE OF GRANTS RECEIVABLE

| | Balance <u>December 31, 2017</u> | Balance, <u>December 31, 2018</u> |
|--|-------------------------------------|--------------------------------------|
| Federal: | | |
| Department of Environmental Protection (Passed Through State of New Jersey) | | |
| Ord. No. 14-705 Acquisition of Flood Prone Properties | \$ 325,000 | \$ 325,000 |
| Department of Transportation (Passed Through State of New Jersey) | | |
| Ord. No. 16-737 Page Drive Improvements | 111,750 | 111,750 |
| State: | | |
| Land Conservancy of New Jersey | | |
| Ord. No 14-705 Acquisition of Flood Prone Properties | 200,000 | 200,000 |
| Other: | | |
| Bergen County Open Space Trust Fund | | |
| Ord. No 14-705 Acquisition of Flood Prone Properties | 1,455,000 | 1,455,000 |
| Ord. No. 16-743 Various Public Improvements | 1,764,950 | 1,764,950 |
| Ord. No. 17-761 Various Public Improvements - Van Allen House | 150,000 | 150,000 |
| Bergen County Historical Preservation Trust Fund | | |
| Ord. No. 16-748 Van Allen House Improvements | <u>140,527</u> | <u>140,527</u> |
| | <u>\$ 4,147,227</u> | <u>\$ 4,147,227</u> |
| Reserve for Grants Receivable | | \$ 150,000 |
| Balance Pledged to Ordinance | | <u>3,997,227</u> |
| | | <u>\$ 4,147,227</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, 2018</u> | | <u>Interest Rate</u> | <u>Balance, December 31, 2017</u> | | <u>Decreased</u> | <u>Balance, December 31, 2018</u> | |
|-----------------------------------|--------------------------|---------------------------|--|---------------|--------------------------|---|-------------------|----------------------|---|--|
| | | | <u>Date</u> | <u>Amount</u> | | | | | | |
| General Improvement Bonds of 2006 | 12/29/2006 | \$ 1,096,000 | 12/1/2019 | \$ 90,000 | 4.00 % | | | | | |
| | | | 12/1/2020 | 95,000 | 4.00 | | | | | |
| | | | 12/1/2021 | 96,000 | 4.00 | \$ 366,000 | \$ 85,000 | \$ 281,000 | | |
| General Improvement Bonds of 2015 | 5/15/2015 | 14,235,000 | 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 | 12,260,000 | 850,000 | 11,410,000 | | |
| | | | | | | <u>\$ 12,626,000</u> | <u>\$ 935,000</u> | <u>\$ 11,691,000</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 2017 | Increased | Decreased | Balance, December 31, 2018 |
|-------------|--|---|------------------|---------------------|------------------|------|------------------------------|---------------------|---------------------|----------------------------------|
| 15-718 | Various Improvements | 12/15/2017 | 12/15/2017 | 12/14/2018 | 2.50 | % \$ | 1,400,000 | | \$ 1,400,000 | |
| | | | 12/14/2018 | 12/13/2019 | 3.25 | | | \$ 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 | |
| | | | 12/14/2018 | 12/13/2019 | 3.25 | | | 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 | |
| | | | 12/14/2018 | 12/13/2019 | 3.25 | | - | 1,553,000 | - | 1,553,000 |
| | | | | | | | <u>\$ 5,251,000</u> | <u>\$ 5,251,000</u> | <u>\$ 5,251,000</u> | <u>\$ 5,251,000</u> |

BOROUGH OF OAKLAND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | 2018 Authorizations | | | | | | | | | |
|----------------------|---|-------------------------------|---------------------|--|--|--------------------------|---------------------|---|---------------------|-------------------------------|---------------------|
| | | Balance, December 31, 2017 | | Down- payment or Capital Impvt. | Deferred Charges to Future Taxation | Capital | Accounts | Cancelled Improvement Authorizations/ | Paid or | Balance, December 31, 2018 | |
| | | Funded | Unfunded | Fund | Unfunded | Surplus | Payable Restored | Adjustments | Charged | Funded | Unfunded |
| 99-362/02-429/02-430 | Library Addition | \$ 141,794 | | | | | \$ 91,766 | | \$ 233,560 | - | |
| 07-561 | Various Public Improvements | 94,565 | | | | | 9,304 | | 9,304 | \$ 94,565 | |
| 09-607 | Acquisition of Real Property | 53,054 | | | | | 710 | | 7,490 | 46,274 | |
| 10-636 | Various Public Improvements | 117,154 | \$ 353 | | | | 67,796 | | 185,303 | - | |
| 11-643 | Various Public Improvements | 230,318 | 349 | | | | | | 230,667 | - | |
| 12-670 | Various Public Improvements | 20,337 | 541 | | | | 500 | | (702) | 22,080 | |
| 12-671 | Purchase of Capital Equipment | 3 | | | | | | | | 3 | |
| 13-690 | Recreation Improvements | 234,286 | 400 | | | | 8,808 | | 6,276 | 237,218 | |
| 14-704 | Various Public Improvements | 148,138 | 913 | | | | 449,718 | | 99,591 | 499,178 | |
| 14-705 | Acquisition & Demolition of Flood Prone Properties | 413,223 | | | | | 8,057 | | 8,057 | 413,223 | |
| 15-717 | Various Public Improvements | 63,269 | | | | | 9,725 | | 15,994 | 57,000 | |
| 15-718 | Various Public Improvements | | 256,225 | | | | | | 3,723 | \$ 252,502 | |
| 16-732 | West Oakland Avenue Improvements | | | | | | 29,662 | \$ 29,662 | | - | |
| 16-741 | Various Public Improvements | 47,875 | | | | | 26,938 | | 40,900 | 33,913 | |
| 16-742 | Various Public Improvements | 138,089 | | | | | 14,160 | 175 | 38,384 | 113,690 | |
| 16-743 | Various Public Improvements | 171,258 | 2,298,000 | | | | 220,826 | 9,500 | 495,904 | | 2,184,680 |
| 16-748 | Van Allen House Improvements | 162,810 | | | | | 13,310 | | 9,900 | 166,220 | |
| 17-749 | Renovation of the Oakland Public Library | | 102,666 | | | | 429,804 | | 530,123 | | 2,347 |
| 17-752 | Various Public Improvements | 1,500 | | | | | | 1,500 | - | - | |
| 17-760 | Various Public Improvements and Acquisitions | 265,734 | | | | | 168,266 | | 337,011 | 96,989 | |
| 17-761 | Various Public Improvements and Acquisition of New Communication Equipment | 134,500 | 2,555,500 | - | - | - | - | - | 1,515,843 | | 1,174,157 |
| 18-770 | Various Public Improvements and Acquisitions | | | \$ 615,500 | | \$ 140,000 | | 1,069 | 444,992 | 309,439 | |
| 18-771 | Various Public Improvements | - | - | 149,750 | \$ 2,845,250 | - | - | - | 515,275 | - | 2,479,725 |
| | | <u>\$ 2,437,907</u> | <u>\$ 5,214,947</u> | <u>\$ 765,250</u> | <u>\$ 2,845,250</u> | <u>\$ 140,000</u> | <u>\$ 1,549,350</u> | <u>\$ 41,906</u> | <u>\$ 4,727,595</u> | <u>\$ 2,089,792</u> | <u>\$ 6,093,411</u> |
| | | | | | | Capital Improvement Fund | | \$ 2,744 | | | |
| | | | | | | Reserve for Debt Service | | 9,500 | | | |
| | | | | | | Fund Balance | | 29,662 | | | |
| | | | | | | | | <u>\$ 41,906</u> | | | |
| | | | | | | Cash Disbursed | | \$ 1,691,794 | | | |
| | | | | | | Accounts Payable | | 3,035,801 | | | |
| | | | | | | | | <u>\$ 4,727,595</u> | | | |

**BOROUGH OF OAKLAND
STATEMENT OF ACCOUNTS PAYABLE**

| | |
|---|---------------------|
| Balance, December 31, 2017 | \$ 1,549,350 |
| Increased by: | |
| Charges to Improvement Authorizations | <u>3,035,801</u> |
| | 4,585,151 |
| Decreased by: | |
| Accounts Payable Restored to Improvement Authorizations | <u>1,549,350</u> |
| Balance, December 31, 2018 | <u>\$ 3,035,801</u> |

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE

| | |
|--------------------------------------|---------------------|
| Balance, December 31, 2017 | \$ 1,357,549 |
| Increased by: | |
| Cancelled Improvement Authorizations | <u>9,500</u> |
| Balance, December 31, 2018 | <u>\$ 1,367,049</u> |

STATEMENT OF RESERVE FOR LADDER TRUCK

| | |
|----------------------------|-------------------|
| Balance, December 31, 2017 | <u>\$ 800,000</u> |
| Balance, December 31, 2018 | <u>\$ 800,000</u> |

STATEMENT OF CAPITAL IMPROVEMENT FUND

| | |
|---|-------------------|
| Balance, December 31, 2017 | \$ 497,867 |
| Increased by: | |
| Cancelled Improvement Authorizations | \$ 2,744 |
| 2018 Budget Appropriation | <u>900,000</u> |
| | <u>902,744</u> |
| | 1,400,611 |
| Decreased by: | |
| Appropriation to Finance Improvement Authorizations | <u>765,250</u> |
| Balance, December 31, 2018 | <u>\$ 635,361</u> |

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

| Ord. <u>No.</u> | | Balance, December 31, <u>2017</u> | 2018 Authori- <u>zations</u> | Budget <u>Appropriation</u> | Balance, December 31, <u>2018</u> |
|--------------------|---|---|------------------------------------|--------------------------------|---|
| 10-617 | Various Capital Improvements | \$ 3,776 | | \$ 3,776 | |
| 10-636 | Various Capital Improvements | 353 | | 353 | |
| 11-643 | Various Capital Improvements | 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 | |
| 17-761 | Various Public Improvements and Acquisition of New Communication Equipment | 2,555,500 | - | - | \$ 2,555,500 |
| 18-771 | Various Public Improvements | - | \$ 2,845,250 | - | 2,845,250 |
| | | <u>\$ 2,563,132</u> | <u>\$ 2,845,250</u> | <u>\$ 7,632</u> | <u>\$ 5,400,750</u> |

WATER UTILITY FUND

BOROUGH OF OAKLAND
STATEMENT OF WATER UTILITY CASH

| | <u>Operating</u> | <u>Capital</u> |
|---|---------------------|---------------------|
| Balance, December 31, 2017 | \$ 2,120,192 | \$ 1,279,988 |
| Increased by: | | |
| Consumer Accounts Receivable | \$ 1,880,903 | |
| Interest on Deposits | | 10,311 |
| Miscellaneous | 34,874 | |
| Budget Appropriation - Capital Improvement Fund | | 364,851 |
| Receipts from Water Utility Capital Fund | <u>160,311</u> | <u>-</u> |
| | <u>2,076,088</u> | <u>375,162</u> |
| | 4,196,280 | 1,655,150 |
| Decreased by: | | |
| 2018 Budget Appropriations | 1,968,972 | |
| 2017 Appropriation Reserves | 75,193 | |
| Refund of Prior Year Revenue | 625 | |
| Interest on Bonds | 44,444 | |
| Payments to Water Utility Operating Fund | <u>-</u> | <u>160,311</u> |
| | <u>2,089,234</u> | <u>160,311</u> |
| Balance, December 31, 2018 | <u>\$ 2,107,046</u> | <u>\$ 1,494,839</u> |

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

| | |
|---|---|
| | Balance, December 31, <u>2018</u> |
| Fund Balance | \$ 314,158 |
| Capital Improvement Fund | 1,183,814 |
| Accounts Payable | 9,954 |
| 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) |
| 11-637 Various Water Improvements | 104,851 |
| 18-774 Various Water System Upgrades | <u>205,000</u> |
| | <u>\$ 1,494,839</u> |

EXHIBIT D-7

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

| | |
|----------------------------|-------------------|
| Balance, December 31, 2017 | \$ 217,888 |
| Increased by: | |
| Water Rents Levied | <u>1,845,998</u> |
| | 2,063,886 |
| Decreased by: | |
| Cash Receipts | <u>1,880,903</u> |
| Balance, December 31, 2018 | <u>\$ 182,983</u> |

**BOROUGH OF OAKLAND
STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY CAPITAL FUND**

| | |
|--|-----------------|
| Balance, December 31, 2017 | \$ 21,100 |
| Increased By: | |
| Charges to Improvement Authorizations | <u>9,954</u> |
| | 31,054 |
| Decreased by: | |
| Cancelled and Restored to Improvement Authorizations | <u>21,100</u> |
| Balance, December 31, 2018 | <u>\$ 9,954</u> |

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

| | |
|---|----------------------|
| Balance, December 31, 2017 | \$ 12,584,757 |
| Increased by: | |
| Transferred from Fixed Capital Authorized and Uncompleted | \$ 468,091 |
| Capital Outlay Charges in Water Operating Budget | <u>224,084</u> |
| | <u>692,175</u> |
| Balance, December 31, 2018 | <u>\$ 13,276,932</u> |

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

| | |
|--|-------------------|
| Balance, December 31, 2017 | \$ 200,000 |
| Increased By: | |
| Transfer from Current Year Budget Appropriations | <u>60,000</u> |
| Balance, December 31, 2018 | <u>\$ 260,000</u> |

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

| | |
|---|-------------------|
| Balance, December 31, 2017 | \$ 812,214 |
| Increased by: | |
| 2018 Improvement Authorization | <u>205,000</u> |
| | 1,017,214 |
| Decreased By: | |
| Funded Improvement Authorizations Cancelled | <u>283,072</u> |
| Balance, December 31, 2018 | <u>\$ 734,142</u> |

STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND

| Ord. No. | Improvement Description | Balance, December 31, 2017 | 2018 Authorizations | Improvement Authorizations Cancelled | Transferred to Fixed Capital | Balance, December 31, 2018 |
|-------------|--------------------------------|----------------------------------|------------------------|--|------------------------------------|----------------------------------|
| | Prior Year Unallocated | \$ 805,409 | | \$ 212,700 | \$ 113,463 | \$ 479,246 |
| 12-659 | Algonquin Trail Water Main | 60,000 | | 4,424 | 55,576 | - |
| 13-681 | Lehigh/West Oakland Water Main | 365,000 | | 65,948 | 299,052 | - |
| 18-774 | Various Water System Upgrades | <u>-</u> | <u>\$ 205,000</u> | <u>-</u> | <u>-</u> | <u>205,000</u> |
| | | <u>\$ 1,230,409</u> | <u>\$ 205,000</u> | <u>\$ 283,072</u> | <u>\$ 468,091</u> | <u>\$ 684,246</u> |

EXHIBIT D-13

STATEMENT OF APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

| | Balance, December 31, 2017 | Budget After Modifications | Expended | Balance Lapsed |
|------------------------|----------------------------------|----------------------------------|------------------|-------------------|
| Operating | | | | |
| Salaries and Wages | \$ 83,947 | \$ 83,947 | \$ 10,527 | \$ 73,420 |
| Other Expenses | 71,246 | 125,732 | 46,195 | 79,537 |
| Utilities | 40,668 | 48,710 | 18,471 | 30,239 |
| Statutory Expenditures | | | | |
| Social Security | <u>4,167</u> | <u>4,167</u> | <u>-</u> | <u>4,167</u> |
| | <u>\$ 200,028</u> | <u>\$ 262,556</u> | <u>\$ 75,193</u> | <u>\$ 187,363</u> |
| Appropriation Reserves | | \$ 200,028 | | |
| Cancelled Payables | | <u>62,528</u> | | |
| | | <u>\$ 262,556</u> | | |

**BOROUGH OF OAKLAND
STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND**

| | |
|---|-------------------|
| Balance, December 31, 2017 | \$ 62,528 |
| Increased by: | |
| Charges to 2018 Appropriations | <u>110,229</u> |
| | 172,757 |
| Decreased by: | |
| Cash Disbursements | |
| Cancelled Payables Restored to Appropriation Reserves | <u>62,528</u> |
| Balance, December 31, 2018 | <u>\$ 110,229</u> |

EXHIBIT D-15

**STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND**

| Ord. No. | Improvement Description | Balance, December 31, 2017 | | 2018 Authorization- Capital Improvement | Prior Year Accounts Payable | Paid or Charged | Improvement Authorizations | Balance, December 31, 2018 | |
|-------------|------------------------------------|-------------------------------|------------------|--|--------------------------------|--------------------|-------------------------------|-------------------------------|------------------|
| | | Funded | Unfunded | Fund | Cancelled | | Cancelled | Funded | Unfunded |
| | | | | | | | | | |
| 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 | | | \$ 13,589 | \$ 9,954 | 131,163 | 104,851 | |
| 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 | | | 7,511 | | 65,948 | | |
| 15-719 | Water Meters | 208 | | | | | 208 | | |
| 18-774 | Various Water System Upgrades | - | - | \$ 205,000 | - | - | - | 205,000 | - |
| | | <u>\$ 376,777</u> | <u>\$ 40,832</u> | <u>\$ 205,000</u> | <u>\$ 21,100</u> | <u>\$ 9,954</u> | <u>\$ 283,072</u> | <u>\$ 309,851</u> | <u>\$ 40,832</u> |

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

| | |
|--|----------------------------|
| Balance, December 31, 2017 | \$ 1,023,963 |
| Increased by: | |
| Budget Appropriation | <u>364,851</u> |
| | 1,388,814 |
| Decreased by: | |
| Appropriated to Finance Improvement Authorizations | <u>205,000</u> |
| Balance, December 31, 2018 | <u><u>\$ 1,183,814</u></u> |

**STATEMENT OF DUE TO WATER UTILITY OPERATING FUND
WATER UTILITY CAPITAL FUND**

| | | |
|--|---------------|--------------------|
| Increased by: | | |
| Water Capital Surplus Anticipated as Revenue in Water Operating Fund | \$ 150,000 | |
| Interest on Deposits | <u>10,311</u> | |
| | | \$ 160,311 |
| Decreased by: | | |
| Payments to Water Utility Operating Fund | | <u>160,311</u> |
| Balance, December 31, 2018 | | <u><u>\$ -</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,</u> | | <u>Balance,</u> |
|----------------|--------------------------|---------------------------|----------------------------|--------------------------|--------------------------|---|---------------------|-------------------|---------------------|
| | | | <u>Outstanding</u> | <u>December 31, 2018</u> | | | <u>December 31,</u> | <u>Decreased</u> | <u>December 31,</u> |
| | | | <u>Date</u> | <u>Amount</u> | | | <u>2017</u> | | <u>2018</u> |
| Water Bonds | 6/1/2015 | \$ 1,995,000 | 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 | | | | |
| | | | | | | | <u>\$ 1,605,000</u> | <u>\$ 130,000</u> | <u>\$ 1,475,000</u> |
| | | | | | | | <u>\$ 1,605,000</u> | <u>\$ 130,000</u> | <u>\$ 1,475,000</u> |

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

| | |
|-----------------------------|-----------------|
| Balance, December 31, 2017 | \$ 3,755 |
| Increased by: | |
| Budget Appropriation | |
| Interest on Loans | <u>44,229</u> |
| | 47,984 |
| Decreased by: | |
| Interest Paid on Water Loan | <u>44,444</u> |
| Balance, December 31, 2018 | <u>\$ 3,540</u> |

EXHIBIT D-20

STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

| | |
|---|----------------------|
| Balance, December 31, 2017 | \$ 10,979,757 |
| Increased by: | |
| Increases to Fixed Capital - Capital Outlay | \$ 224,084 |
| Serial Bonds Retired | <u>130,000</u> |
| | <u>354,084</u> |
| Balance, December 31, 2018 | <u>\$ 11,333,841</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>2017</u> | Balance December 31, <u>2018</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

| | <u>Operating</u> | <u>Capital</u> |
|---|--------------------------|--------------------------|
| Balance, December 31, 2017 | \$ 546,481 | \$ 156,818 |
| Increased by Receipts: | | |
| Interest on Investments and Deposits | | \$ 1,363 |
| Sewer Rents | \$ 418,015 | |
| Non-Budget Revenue | 5,812 | |
| Budget Appropriation - Capital Improvement Fund | | 37,050 |
| Receipts from Sewer Utility Capital Fund | <u>1,363</u> | <u>-</u> |
| | <u>425,190</u> | <u>38,413</u> |
| | 971,671 | 195,231 |
| Decreased by Disbursements: | | |
| 2018 Budget Appropriations | 411,430 | |
| 2017 Appropriation Reserves | - | |
| Interest on Bonds | 5,200 | |
| Payments to Sewer Utility Operating Fund | <u>-</u> | <u>1,363</u> |
| | <u>416,630</u> | <u>1,363</u> |
| Balance, December 31, 2018 | <u><u>\$ 555,041</u></u> | <u><u>\$ 193,868</u></u> |

**BOROUGH OF OAKLAND
ANALYSIS OF SEWER UTILITY CAPITAL CASH
AS OF DECEMBER 31, 2018**

| | |
|-----------------------------|----------|
| Fund Balance | \$ 3,465 |
| Capital Improvement Fund | 174,873 |
| Accounts Payable | 63 |
| Reserve for Payment of Debt | 60,000 |

| Ord. No. | <u>Improvement Description</u> | |
|-------------|--------------------------------|-------------------|
| 08-575 | Various Public Improvements | 7,589 |
| 08-584 | Various Public Improvements | 7,582 |
| 11-638 | Various Public Improvements | <u>(59,704)</u> |
| | | <u>\$ 193,868</u> |

STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

| | |
|----------------------------|------------------|
| Balance, December 31, 2017 | \$ 106,785 |
| Increased by: | |
| Sewer Rents Levied | <u>405,074</u> |
| | 511,859 |
| Decreased by: | |
| Cash Received | <u>418,015</u> |
| Balance, December 31, 2018 | <u>\$ 93,844</u> |

BOROUGH OF OAKLAND
STATEMENT OF DUE FROM SEWER UTILITY CAPITAL FUND
SEWER UTILITY OPERATING FUND

| | |
|--|--------------|
| Increased by: | |
| Interest Earned | \$ 1,363 |
| Decreased by: | |
| Receipts from Sewer Utility Capital Fund | <u>1,363</u> |
| Balance, December 31, 2018 | <u>\$ -</u> |

STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY CAPITAL FUND

| | |
|--|---------------|
| Balance, December 31, 2017 | \$ 21,193 |
| Decreased by: | |
| Cancelled and Restored to Improvement Authorizations | <u>21,130</u> |
| Balance, December 31, 2018 | <u>\$ 63</u> |

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

| | Balance December 31, <u>2017</u> | Balance After <u>Transfers</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|------------------------|--|--------------------------------------|---------------------------|--------------------------|
| Operating | | | | |
| Salaries and Wages | \$ 6,814 | \$ 6,814 | \$ 2,055 | \$ 4,759 |
| Other Expenses | 9,774 | 24,271 | 11,367 | 12,904 |
| Utilities | 2,591 | 2,591 | 2,591 | - |
| Statutory Expenditures | | | | |
| Social Security System | <u>487</u> | <u>487</u> | <u>-</u> | <u>487</u> |
| | <u>\$ 19,666</u> | <u>\$ 34,163</u> | <u>\$ 16,013</u> | <u>\$ 18,150</u> |
| Appropriation Reserves | | \$ 19,666 | | |
| Cancelled Payables | | <u>14,497</u> | | |
| | | <u>\$ 34,163</u> | | |

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

| | |
|---|------------------|
| Balance, December 31, 2017 | \$ 14,497 |
| Increased by: | |
| Charges to 2018 Appropriations | <u>96,235</u> |
| | 110,732 |
| Decreased by: | |
| Cancelled Payables Restored to Appropriation Reserves | <u>14,497</u> |
| Balance, December 31, 2018 | <u>\$ 96,235</u> |

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

| | |
|------------------------------------|------------------|
| Balance, December 31, 2017 | \$ 66,000 |
| Increased by: | |
| Transfer from Budget Appropriation | <u>13,000</u> |
| Balance, December 31, 2018 | <u>\$ 79,000</u> |

**STATEMENT OF ACCRUED INTEREST ON BONDS
SEWER UTILITY OPERATING FUND**

| | |
|------------------------------|---------------|
| Balance, December 31, 2017 | \$ 433 |
| Increased by: | |
| Budget Appropriation | |
| Interest on Bonds | <u>5,175</u> |
| | 5,608 |
| Decreased by: | |
| Interest Paid on Sewer Bonds | <u>5,200</u> |
| Balance, December 31, 2018 | <u>\$ 408</u> |

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

| <u>Ord.</u> <u>No.</u> | <u>Improvement Description</u> | Balance, December 31, <u>2017</u> | Balance, December 31, <u>2018</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, 2018 | \$ 119,100 |
| Increased by: Serial Bonds Retired | <u>15,000</u> |
| Balance, December 31, 2018 | <u>\$ 134,100</u> |

EXHIBIT E-16

**STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND**

| <u>Ord.</u> <u>No.</u> | <u>Improvement Description</u> | Balance, December 31, <u>2017</u> | 2018 <u>Authorizations</u> | Balance, December 31, <u>2018</u> |
|---------------------------|---|---|-------------------------------|---|
| 08-575 | Various Public Improvements | \$ 32,000 | | \$ 32,000 |
| 08-584 | Various Public Improvements | 10,000 | | 10,000 |
| 11-638 | Various Public Improvements | 592,760 | | 592,760 |
| 18-775 | Engineering Phases of the Decommissioning and Conversion of Various Sanitary Sewer Treatment Plants to Pump Stations and the Construction of Force Mains to Connect to the Northeast Bergen County Utilities Authority Treatment System | <u>-</u> | <u>\$ 300,000</u> | <u>300,000</u> |
| | | <u>\$ 634,760</u> | <u>\$ 300,000</u> | <u>\$ 934,760</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, 2017</u> | <u>Decreased</u> | <u>Balance, December 31, 2018</u> |
|----------------|--------------------------|---------------------------|----------------------------|---------------|--------------------------|---|---|------------------|---|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| Sewer Bonds | 6/1/2015 | \$ 230,000 | 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 | | | | |
| | | | | | | | \$ 185,000 | \$ 15,000 | \$ 170,000 |
| | | | | | | | <u>\$ 185,000</u> | <u>\$ 15,000</u> | <u>\$ 170,000</u> |

BOROUGH OF OAKLAND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND

| Ord. No. | Improvement Description | Balance, December 31, 2017 | | 2018 Authorizations Deferred Charges to Future Revenue | Prior Year Encumbrances Cancelled | Balance, December 31, 2018 | |
|-------------|---|-------------------------------|-------------------|--|---|-------------------------------|-------------------|
| | | Funded | Unfunded | | | Funded | Unfunded |
| 08-575 | Various Sewer Improvements | \$ 2,529 | | | \$ 5,060 | \$ 7,589 | |
| 08-584 | Various Sewer Improvements | 7,582 | | | | 7,582 | |
| 11-638 | Various Sewer Improvements | - | \$ 516,986 | | 16,070 | | \$ 533,056 |
| 18-775 | Engineering Phases of the Decommissioning and Conversion of Various Sanitary Sewer Treatment Plants to Pump Stations and the Construction of Force Mains to Connect to the Northeast Bergen County Utilities Authority Treatment System | - | - | 300,000 | - | - | 300,000 |
| | | <u>\$ 10,111</u> | <u>\$ 516,986</u> | <u>\$ 300,000</u> | <u>\$ 21,130</u> | <u>\$ 15,171</u> | <u>\$ 833,056</u> |

**BOROUGH OF OAKLAND
STATEMENT OF CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND**

| | |
|----------------------------|-------------------|
| Balance, December 31, 2017 | \$ 137,823 |
| Increased by: | |
| Budget Appropriation | <u>37,050</u> |
| Balance, December 31, 2018 | <u>\$ 174,873</u> |

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

| <u>Ord.</u> | <u>Improvement Description</u> | Balance, December 31, <u>2017</u> | 2018 <u>Authorizations</u> | Balance, December 31, <u>2018</u> |
|-------------|---|---|-------------------------------|---|
| 11-638 | Various Sewer Improvements | \$ 592,760 | | \$ 592,760 |
| 18-775 | Engineering Phases of the Decommissioning and Conversion of Various Sanitary Sewer Treatment Plants to Pump Stations and the Construction of Force Mains to Connect to the Northeast Bergen County Utilities Authority Treatment System | <u>-</u> | <u>\$ 300,000</u> | <u>\$ 300,000</u> |
| | | <u>\$ 592,760</u> | <u>\$ 300,000</u> | <u>\$ 892,760</u> |

BOROUGH OF OAKLAND

BERGEN COUNTY

PART II

GOVERNMENT AUDITING STANDARDS



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**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, 2018, and the related notes to the financial statements, and have issued our report thereon dated July 9, 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 financial statements.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

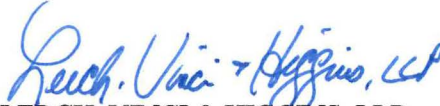
Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Borough of 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of 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
July 9, 2019

BOROUGH OF OAKLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Grant Year | Federal CFDA Number | Award Amount | 2018 Grant Receipts | Balance, December 31, 2017 | Revenue Realized | Expenditures | Balance, December 31, 2018 | (Memo Only) Cumulative Expenditures |
|---|---------------|---------------------------|-----------------|---------------------------|----------------------------------|---------------------|--------------|----------------------------------|---|
| 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. 16-737 Page Drive Road Repairs | 2016 | | 149,000 | | (111,750) | | | (111,750) | \$ 37,250 |
| U.S. Department of Homeland Security Passed Thru the State of New Jersey Division of Law and Public Safety 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>\$ (428,742)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (428,742)</u> | <u>\$ 39,242</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, 2018

| <u>State Grant Program</u> | <u>Grant Number</u> | <u>Grant Year</u> | <u>Grant Award</u> | <u>2018 Grant Receipts (Memo)</u> | <u>Balance, December 31, 2017</u> | <u>Revenue Realized</u> | <u>Expended</u> | <u>Adjustment</u> | <u>Balance, December 31, 2018</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 | |
| | | 2016 | 59,574 | | 43,022 | | \$ 36,233 | | 6,789 | \$ 52,785 |
| Highlands - Plan Conformance | NA | 2015 | 230,150 | | (230,150) | | | | (230,150) | 230,150 |
| | | 2015 | 230,150 | | 214,703 | | \$ 4,485 | | 210,218 | 19,932 |
| | | 2009 | 50,000 | | (19,207) | | | | (19,207) | 19,207 |
| Community Forestry Grant | NA | 2018 | 3,000 | | | \$ 3,000 | | | 3,000 | |
| Highlands - Transfer Developmental Rights | NA | 2009 | 25,000 | | (4,824) | | | | (4,824) | 25,000 |
| Recycling Tonnage Grant | 042-752-6020 | 2018 | 27,334 | | | 27,334 | | | 27,334 | |
| | | 2017 | 23,545 | | \$ 23,545 | | 19,707 | \$ (1) | 3,837 | 19,706 |
| | | Prior | 54,366 | | 20,201 | | 20,201 | | - | 54,366 |
| Land Conservance Grant: Ord. No. 14-705 Acquisition of Flood Prone Properties | NA | 2014 | 200,000 | | (200,000) | | | | (200,000) | 200,000 |
| <u>State of New Jersey - Department of Law and Public Safety</u> | | | | | | | | | | |
| Body Armor Replacement Fund | 066-1020-718-001 | 2018 | 6,195 | | - | 6,195 | | | 6,195 | |
| | | 2017 | 2,428 | | 2,428 | | | | 2,428 | |
| | | 2016 | 2,440 | | 2,440 | | 696 | | 1,744 | 696 |
| | | Prior | 7,555 | | 4,286 | | 4,286 | | - | 7,555 |
| Drunk Driving Enforcement Fund | 1110-448031020-22 | 2017 | 1,369 | | 1,369 | | | | 1,369 | |
| | | 2016 | 9,752 | | 9,752 | | | | 9,752 | |
| | | 2014 | 9,863 | | 7,714 | | 3,731 | | 3,983 | 5,880 |
| Alcohol Education and Rehabilitation Fund | 9735-760-060000-60 | 2018 | 366 | \$ 366 | - | 366 | | | 366 | |
| | | 2016 | 236 | | 236 | | | | 236 | |
| | | 2014 | 1,425 | | 1,425 | | | | 1,425 | |
| | | 2013 | 1,187 | | 1,187 | | 451 | | 736 | 451 |
| | | 2012 | 663 | | 449 | | 449 | | - | 663 |
| <u>State of New Jersey - Association of Environmental Commissions</u> | | | | | | | | | | |
| ANJEC Sustainable Communities Land Use Grant | NA | 2012 | 8,000 | | (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 | 2018 | 9,876 | 9,736 | | 9,876 | | | 9,876 | |
| Municipal Alliance on Alcoholism and Drug Abuse | N/A | 2017 | 9,876 | | 9,876 | | 4,627 | | 5,249 | 4,627 |
| Municipal Alliance on Alcoholism and Drug Abuse | | 2016 | 12,345 | | 2,469 | | 2,469 | | - | 12,345 |
| Municipal Alliance on Alcoholism and Drug Abuse | | Prior | 19,752 | | 8,636 | | 8,636 | - | - | 19,752 |
| | | | | | <u>\$ (81,443)</u> | <u>\$ 46,771</u> | <u>\$ 105,971</u> | <u>\$ (1)</u> | <u>\$ (140,644)</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, 2018

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 | \$ <u>-</u> | \$ <u>46,771</u> | \$ <u>46,771</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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor's Results

Financial Statements

| | | |
|---|---|---------------|
| Type of auditors' report issued on financial statements | <u>Modified, Presentation of Unaudited LOSAP Trust Fund</u> | |
| Internal control over financial reporting: | | |
| 1) Material weakness(es) identified | _____ yes | <u>X</u> no |
| 2) Significant deficiency(ies) that are not considered to be material weakness(es)? | _____ yes | <u>X</u> none |
| Noncompliance material to the financial statements noted? | _____ yes | <u>X</u> 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, 2018**

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*.

There are none.

**BOROUGH OF OAKLAND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 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.

Status

Corrective action was taken.

BOROUGH OF OAKLAND

COUNTY OF BERGEN

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

**BOROUGH OF OAKLAND
SUPPORTING DATA**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------|--------------|----------------|
| <u>Tax Rate</u> | <u>\$2.833</u> | <u>2.796</u> | <u>\$2.720</u> |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | .638 | .639 | .633 |
| Municipal Library | .038 | .037 | .036 |
| Municipal Open Space Tax | .010 | .010 | .010 |
| Regional High School | .553 | .538 | .506 |
| Local School | 1.313 | 1.294 | 1.268 |
| County (Includes County Open Space Tax) | .281 | .278 | .267 |

Assessed Valuation Basis

| | | |
|------|------------------------|------------------------|
| 2018 | <u>\$2,173,745,600</u> | |
| 2017 | | <u>\$2,171,692,300</u> |
| 2016 | | <u>\$2,174,755,100</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> | Percentage of <u>Collection</u> |
|-------------|-----------------|-------------------------|---------------------------------------|
| 2018 | \$ 61,701,584 | \$ 61,543,796 | 99.74% |
| 2017 | 60,834,575 | 60,762,716 | 99.88% |
| 2016 | 59,243,045 | 58,816,021 | 99.28% |

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> | Percentage of <u>Tax Levy</u> |
|-----------------------------|-----------------------------|----------------------------|---------------------------------------|-------------------------------------|
| 2018 | \$ 18,075 | \$ 313,407 | \$ 331,482 | 0.54% |
| 2017 | 6,995 | 296,471 | 303,466 | 0.50% |
| 2016 | 18,587 | 270,910 | 289,497 | 0.49% |

BOROUGH OF OAKLAND
SUPPORTING DATA

Property Acquired By Tax Title Lien Foreclosure

No properties have been acquired in 2018 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> |
|-------------|---------------|
| 2018 | \$1,054,950 |
| 2017 | 1,054,950 |
| 2016 | 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 | 2018 | \$4,461,264 | \$1,510,000 |
| | 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 |
| Water Utility Operating Fund | 2018 | \$1,645,757 | \$265,000 |
| | 2017 | 1,653,931 | 265,000 |
| | 2016 | 1,569,443 | 60,000 |
| | 2015 | 1,252,609 | 50,000 |
| | 2014 | 602,172 | 50,000 |
| Sewer Utility Operating Fund | 2018 | \$343,200 | \$180,000 |
| | 2017 | 445,910 | 181,000 |
| | 2016 | 386,769 | 30,000 |
| | 2015 | 354,178 | 25,000 |
| | 2014 | 240,385 | 25,000 |

**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 |
| John Biale | Councilman | 12/31/18 |
| Lewis Levy | Councilman | 12/31/18 |
| Pat Pignatelli | Councilman | 12/31/20 |
| Russell Talamini | Councilman | 12/31/20 |
| Eric Kulmala | Councilman | 12/31/19 |
| Robert Knapp | Councilman | 12/31/19 |
| Richard Kunze | Administrator | |
| Lisa Duncan | Municipal Clerk | |
| | Assessment Search Officer | |
| David Young | Temporary Chief Financial Officer (Effective 7/26/18) | |
| | 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 Holzhauser | 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 noted several instances where there was no evidence that competitive quotations for purchases were obtained when required. It is recommended that competitive quotations be obtained for purchases when required.

Our audit of the recreation department revealed that detailed receipts and registration forms were not always maintained and available for audit. It is recommended that all recreation department detailed receipts and registration forms be maintained and available for audit.

The audit of the December 31, 2018 bank reconciliations indicated that certain deposits in transit and outstanding wires did not clear in the subsequent year within a reasonable time frame. It is recommended that only valid reconciling items be recorded on the various Borough bank reconciliations.

Our audit of the Other Trust Fund reserves indicated that the Borough does not have an analysis of the Other Trust Fund reserves that reconciles to the general ledger balances. It is recommended that the Borough prepare an analysis of the Other Trust Fund reserves that agrees with the general ledger balances.

Our audit noted that only one authorized check signature is required on the Borough's Animal Control Trust bank account. It is recommended that at least two authorized signatures be required on the Animal Control Trust bank account.

Our audit of the Construction Code department revealed there were several instances where deposits were not made in a timely manner. It is recommended that all Construction Code department deposits be made in a timely manner.

Prior Year Findings Unresolved

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

- The balance of the Tax Title Liens receivable reported in the Borough's financial statements was not in agreement with the tax collector's reports. There is a difference of \$2,112.
- The balance of the Sewer 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 \$1,030.
- The balance of the 2019 prepaid taxes reported in the Borough's financial statements was not in agreement with the tax collector's reports. There is a difference of \$3,056.
- 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 \$7,572.

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 and general capital 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.

BOROUGH OF OAKLAND SUPPLEMENTARY DATA

GENERAL COMMENTS

Prior Year Findings Unresolved (Continued)

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 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.

There exist unexpended improvement authorizations balances in the General Capital, Water Utility Capital and Sewer Utility Capital Funds. The Borough did cancel certain balances during 2018. It is recommended that the unexpended improvement authorization balances continue to be reviewed for potential re-appropriation or cancellations.

Our audit of payroll noted the following:

- The employee's personnel records does not include the historical annual salary of the respective individual.
- Copies of the New Jersey income tax withholdings and unemployment insurance returns were not available for audit.

It is recommended that:

- The respective employee annual salary be retained by the payroll department and included in their personal records.
- Copies of the New Jersey tax filings be obtained from the service provider quarterly and be retained for audit.

Our audit of expenditures revealed that one political contribution disclosure form (PCD) and several 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.

Our audit of municipal departments revealed the following:

- The Borough does not have a procedure 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. Effective January 2019, the Departments implemented and maintained a cash receipts ledger thus, an audit recommendation is not warranted.

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Prior Year Findings Unresolved (Continued)

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.

Our audit of the municipal court revealed that there were 261 tickets on the "Tickets Assigned But Not Issued" report at December 31, 2018 that were outstanding for over six months. It is recommended that 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.

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

| | |
|---|-------------------|
| 2018 Road Program | Fire Turnout Gear |
| Fire Suppression System and Suspended Ceiling Replacement | |

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.

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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 10, 2018 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.

Delinquent Assessments and Tax Title Liens

The last tax sale was held on December 19, 2018.

There were tax title liens receivable at December 31, 2018.

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.
2. The unexpended improvement authorization balances continue to be reviewed for potential re-appropriation or cancellations.
3. All departments maintain computerized cash receipts records.

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Tax and utility account receivable balances be reviewed, reconciled and in agreement with the records maintained in the tax, utility and finance offices.
- * 2. Balances for prior year grant receivables and appropriated grant reserves be reviewed and appropriate action be taken to clear the balances of record.
- * 3. Purchase orders be encumbered prior to the ordering of goods or services.
- * 4. Procedures be implemented to ensure that all unemployment bills are paid to the State by the required due date.
- * 5. The respective employee annual salary be retained by the payroll department and included in their personal records.
- * 6. Copies of the New Jersey tax filings be obtained from the service provider quarterly and be retained for audit.
- * 7. The Borough obtain and retain for audit copies of the political contribution forms and business registration certificates from vendors contractually required to submit.
- * 8. The Borough implement accounting procedures to reconcile the municipal department revenues with the finance department records.
- * 9. Documentation supporting the amounts reported on the Uniform Construction Code annual report be retained for audit.
- * 10. With respect to the Municipal Court the Tickets Assigned Not Issued that have been outstanding for over six months be recalled.
- 11. Competitive quotations be obtained for purchases when required.
- 12. All recreation department detailed receipts and registration forms be maintained and available for audit.
- 13. Only valid reconciling items be recorded on the various Borough bank reconciliations.
- 14. The Borough prepare an analysis of the Other Trust Fund reserves that agrees with the general ledger balances.
- 15. At least two authorized signatures be required on the Animal Control Trust bank account.
- 16. All Construction Code department deposits be made in a timely manner.


**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**


RECOMMENDATIONS

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