

BOROUGH OF OAKLAND
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2019

BOROUGH OF OAKLAND

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BOROUGH OF OAKLAND

BERGEN COUNTY

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019



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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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, 2019 and 2018. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 17 percent and 14 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2019 and 2018.

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, 2019 and 2018, 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, 2019 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

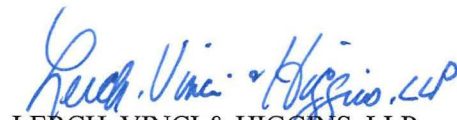
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Oakland as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary 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 September 30, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough 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
September 30, 2020

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

ASSETS	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash	A-4	\$ 7,247,396	\$ 7,196,255
Cash - Change Funds	A-5	250	250
Due from State of New Jersey -Senior Citizens and Veterans Dedication	A-6	7,489	6,489
Grants Receivable	A-9	<u>351,860</u>	<u>349,554</u>
		<u>7,606,995</u>	<u>7,552,548</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-7	20,226	18,075
Tax Title Liens Receivable	A-8	339,958	313,407
Property Acquired for Taxes - Assessed Valuation	A	1,054,950	1,054,950
Revenue Accounts Receivable	A-10	<u>23,524</u>	<u>13,505</u>
		<u>1,438,658</u>	<u>1,399,937</u>
Total Assets		<u>\$ 9,045,653</u>	<u>\$ 8,952,485</u>

LIABILITIES, RESERVES AND FUND BALANCE

Liabilities			
Appropriation Reserves	A-3, A-11	\$ 1,010,694	\$ 1,036,638
Encumbrances/Accounts Payable	A-12	856,901	679,475
Prepaid Taxes	A-13	343,397	354,974
Tax Overpayments	A-14	82,710	184,239
County Taxes Payable	A-15	5,216	11,382
Local School Taxes Payable	A-16	-	67,236
Due to Municipal Open Space Trust Fund	B-14	188	830
Due to Other Trust Fund	B-10	12,000	-
Reserve for Tax Appeals	A-18	301,054	305,190
Reserve for Special Emergency Appropriation	A	19,012	19,012
Reserve for Library Tax Payable	A		10,138
Appropriated Grant Reserves	A-19	604,958	389,364
Unappropriated Grant Reserves	A-20	28,829	28,605
Due to State of New Jersey			
DCA Construction Code Fees Payable	A-21	2,839	4,176
Marriage License Fees Payable	A-22	<u>25</u>	<u>25</u>
		3,267,823	3,091,284
Reserve for Receivables and Other Assets	A	1,438,658	1,399,937
Fund Balance	A-1	<u>4,339,172</u>	<u>4,461,264</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,045,653</u>	<u>\$ 8,952,485</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,510,000	\$ 1,548,000
Miscellaneous Revenues Anticipated	3,870,348	3,574,608
Receipts from Delinquent Taxes	27,065	51,594
Receipts from Current Taxes	62,883,424	61,543,796
Non-Budget Revenue	227,600	60,731
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	586,599	799,621
Cancelled Payable	10,138	
Cancelled Accounts Payable	-	7,000
	<u>69,115,174</u>	<u>67,585,350</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	7,353,425	7,206,350
Other Expenses	7,742,996	7,719,449
Capital Improvements	935,000	900,000
Municipal Debt Service	1,801,373	1,427,865
Deferred Charges and Statutory Expenditures	1,854,207	1,826,202
County Taxes	6,034,652	6,108,735
Local District School Taxes	29,569,800	28,533,426
Regional School Taxes	12,200,829	12,018,052
Municipal Open Space Taxes	217,859	217,797
Other Debits		
Appropriated Grants	17,125	
Refund of Prior Year Revenue	-	100,467
	<u>67,727,266</u>	<u>66,058,343</u>
Excess in Revenue	1,387,908	1,527,007
Fund Balance, January 1	<u>4,461,264</u>	<u>4,482,257</u>
	5,849,172	6,009,264
Decreased by:		
Utilization as Anticipated Revenue	<u>1,510,000</u>	<u>1,548,000</u>
Fund Balance, December 31	<u>\$ 4,339,172</u>	<u>\$ 4,461,264</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, 2019

	<u>Budget</u>	<u>Special NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	<u>\$ 1,510,000</u>	<u>-</u>	<u>\$ 1,510,000</u>	<u>-</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	24,000		24,650	\$ 650
Other	31,000		41,809	10,809
Fees and Permits				
Construction Code Official	200,000		147,465	(52,535)
Other	175,000		179,697	4,697
Fines and Costs				
Municipal Court	180,000		226,683	46,683
Interest and Costs on Taxes	60,000		60,710	710
Interest on Investments and Deposits	115,000		227,784	112,784
Recreation Fees	451,500		448,159	(3,341)
Energy Receipts Tax	1,312,169		1,312,169	-
Public and Private Revenues Offset with Appropriations				
Recycling Tonnage Grant				
Municipal Alliance for Alcoholism and Drug Abuse	9,876		9,876	-
Sustainable Jersey	2,000		2,000	-
Alcohol Education and Rehabilitation Fund		\$ 322	322	-
Body Armor Grant	4,017		4,017	-
BCUA Styrofoam Recycling	3,000		3,000	-
Drunk Driving Enforcement Fund	2,776		2,776	-
Roots for Rivers	4,672		4,672	-
Clean Communities Program	25,829		25,829	-
Clean Communities Program - MINI	300		300	-
CDBG - Emergency Generators - Senior Center		119,316	119,316	-
BMED - Employee Wellness		10,000	10,000	-
First Aide Vehicle		117,704	117,704	-
Other Special Items				
Uniform Fire Safety Act	30,000		39,048	9,048
Reserve for Payment of Open Space Debt Service	200,000		200,000	-
Cellular Tower Lease	148,500		189,324	40,824
Cablevision Franchise Fee	127,500		127,807	307
Verizon Franchise Fee	68,500		68,948	448
Real Property Lease	76,000		71,606	(4,394)
Sale of Recyclables	10,000		37,807	27,807
Shared Service Agreement - School Crossing Guards	5,500		12,582	7,082
Off Duty Police Officers Administrative Fees	13,500		6,488	(7,012)
Pension Reimbursement - Library	40,100		40,100	-
Pension Reimbursement - Water Utility	63,300		63,300	-
Pension Reimbursement - Sewer Utility	9,400	-	9,400	-
General Capital Surplus	35,000	-	35,000	-
Total Miscellaneous Revenues	<u>3,428,439</u>	<u>247,342</u>	<u>3,870,348</u>	<u>194,567</u>
RECEIPTS FROM DELINQUENT TAXES	<u>5,500</u>	<u>-</u>	<u>27,065</u>	<u>21,565</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	14,136,614		14,500,703	364,089
Minimum Library Tax	826,581	-	826,581	-
	<u>14,963,195</u>	<u>-</u>	<u>15,327,284</u>	<u>364,089</u>
Total General Revenues	<u>\$ 19,907,134</u>	<u>\$ 247,342</u>	<u>20,734,697</u>	<u>\$ 580,221</u>
Non-Budget Revenue			<u>227,600</u>	
			<u>\$20,962,297</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, 2019
(Continued)

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenue from Collections	\$ 62,883,424
Less: Allocation to School, County and Municipal Open Space Taxes	<u>48,023,140</u>
	14,860,284
Add: Appropriation "Reserve for Uncollected Taxes"	<u>467,000</u>
Balance for Support of Municipal Budget Appropriations	<u><u>\$ 15,327,284</u></u>
Delinquent Taxes	
Taxes Receivable	\$ 18,075
Tax Title Liens	<u>8,990</u>
	<u><u>\$ 27,065</u></u>
Interest on Investments and Deposits	
Revenue Accounts Receivable	\$ 164,297
Due from Animal Control Trust Fund	208
Due from Unemployment Insurance Trust Fund	1,568
Due from Other Trust Fund	22,508
Due from General Capital Fund	<u>39,203</u>
	<u><u>\$ 227,784</u></u>
Analysis of Non-Budget	
Misc. Tax Collector Fees and Charges	\$ 8,692
Police Department - Found Money	1,783
NSF Check Fees	980
False Alarm Fees	2,335
Refunds/Reimbursements	18,066
NJMVS Inspection Fines	7,000
DMV Fines	3,500
Administration Fee - Senior and Veterans	1,650
Duplicate Tax Bill Fees	4,330
Copy Fees	2,221
Fees from State/County	474
Excess Payroll Agency Balance	22,952
Close Various Trust Accounts	7,040
JIF and Medical Refund	18,282
Hotel Tax	562
Balance LRT Open Outside Liens Premium	55,091
Sale of Municipal Assets	29,900
Miscellaneous	<u>42,742</u>
	<u><u>\$ 227,600</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, 2019

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 280,250	\$ 280,250	\$ 276,306	\$ 3,944	
Other Expenses	7,000	7,000	4,649	2,351	
Communications Committee					
Other Expenses	11,500	11,500	10,904	596	
General Services					
Salaries and Wages	99,000	99,000	90,620	8,380	
Other Expenses	66,000	66,000	63,225	2,775	
Mayor and Council					
Salaries and Wages	50,200	50,200	49,444	756	
Other Expenses	30,000	30,000	22,350	7,650	
Municipal Clerk					
Salaries and Wages	93,450	93,450	93,379	71	
Other Expenses	21,300	21,300	20,832	468	
Elections					
Salaries and Wages	2,150	2,150	2,150	-	
Other Expenses	12,500	12,500	12,001	499	
Financial Administration					
Salaries and Wages	223,500	223,500	215,993	7,507	
Other Expenses	51,000	46,000	38,952	7,048	
Audit Services	37,000	37,000	30,500	6,500	
Information Technology					
Other Expenses	65,000	75,000	72,705	2,295	
Tax Assessment Administration					
Salaries and Wages	80,950	80,950	79,273	1,677	
Other Expenses	15,000	15,000	13,465	1,535	
Revenue Administration					
Salaries and Wages	78,000	83,000	78,874	4,126	
Other Expenses	7,000	7,000	6,714	286	
Legal Services & Costs					
Other Expenses	190,000	190,000	182,527	7,473	
Engineering Service & Costs					
Other Expenses	60,000	60,000	55,825	4,175	
Land Use Administration					
Salaries and Wages	15,700	15,700	13,800	1,900	
Other Expenses	18,100	18,100	13,974	4,126	
Zoning Board of Adjustment					
Salaries and Wages	15,700	15,700	13,800	1,900	
Other Expenses	7,900	7,900	7,236	664	
Insurance					
Other Insurance	475,000	475,000	468,379	6,621	
Employee Group Health	1,867,089	1,801,359	1,742,769	58,590	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	4,586,300	4,586,300	4,290,190	296,110	
Other Expenses	177,200	177,200	154,397	22,803	
Office of Emergency Management					
Salaries and Wages	8,850	8,850	8,830	20	
Other Expenses	10,000	10,000	3,725	6,275	
Flood Control Committee					
Salaries and Wages	4,900	4,900	4,873	27	
Other Expenses	1,500	1,500	-	1,500	
Aid to Volunteer First Aid	45,000	45,000	36,500	8,500	
Fire Department					
Salaries and Wages	83,350	83,350	75,158	8,192	
Other Expenses	112,500	112,500	89,781	22,719	

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
PUBLIC WORKS FUNCTION					
Streets and Roads					
Salaries and Wages	\$ 522,000	\$ 527,200	\$ 526,596	\$ 604	
Other Expenses	103,500	103,500	83,837	19,663	
Snow Removal					
Salaries and Wages	60,000	60,000	36,974	23,026	
Other Expenses	80,000	80,000	27,722	52,278	
Solid Waste Collection					
Salaries and Wages	84,600	79,400	72,992	6,408	
Other Expenses	1,357,000	1,387,000	1,381,848	5,152	
Buildings and Grounds					
Salaries and Wages	195,000	195,000	184,898	10,102	
Other Expenses	157,000	168,000	167,612	388	
Vehicle Maintenance					
Salaries and Wages	73,300	73,300	71,456	1,844	
Other Expenses	83,000	83,000	75,727	7,273	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages	75,500	75,500	64,801	10,699	
Other Expenses	180,750	180,750	180,528	222	
Environmental Commission					
Salaries and Wages	1,200	1,200	1,200	-	
Other Expenses	1,000	1,000	968	32	
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	173,200	173,200	156,226	16,974	
Other Expenses	311,750	311,750	274,262	37,488	
Senior Citizens Activities					
Salaries and Wages	76,200	76,200	72,138	4,062	
Other Expenses	39,500	39,500	36,243	3,257	
OTHER COMMON OPERATING FUNCTIONS					
Accumulated Leave Compensation					
Salaries and Wages	100,000	100,000	100,000	-	
MUNICIPAL COURT					
Salaries and Wages	137,000	137,000	133,120	3,880	
Other Expenses	12,700	12,700	7,685	5,015	
Public Defender					
Other Expenses	10,600	10,600	8,400	2,200	
Municipal Prosecutor					
Other Expenses	21,000	21,000	19,350	1,650	
Shade Tree					
Other Expenses	38,000	38,000	7,065	30,935	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES (NJAC5:23-4.17)					
Uniform Construction Code Enforcement					
Salaries and Wages	228,125	228,125	215,984	12,141	
Other Expenses	48,375	48,375	41,170	7,205	

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	\$ 126,000	\$ 126,000	\$ 110,709	\$ 15,291	
Street Lighting	149,000	149,000	118,231	30,769	
Telephone	93,000	93,000	88,308	4,692	
Natural Gas	33,000	33,000	30,351	2,649	
Gasoline	155,000	144,000	112,953	31,047	-
Total Operations Within "CAPS"	13,636,189	13,610,459	12,753,454	857,005	-
Contingent	5,000	5,000	57	4,943	-
Total Operations Including Contingent - Within "CAPS"	13,641,189	13,615,459	12,753,511	861,948	-
Detail:					
Salaries and Wages	7,348,425	7,353,425	6,929,075	424,350	-
Other Expenses (Including Contingent)	6,292,764	6,262,034	5,824,436	437,598	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Public Employees Retirement System	416,345	429,075	429,075		
Social Security System	510,000	510,000	482,960	27,040	
Police and Firemen's Retirement System	907,132	907,132	907,132		
Defined Contribution Retirement Plan	8,000	8,000	6,175	1,825	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	1,841,477	1,854,207	1,825,342	28,865	-
Total General Appropriations for Municipal Purposes Within "CAPS"	15,482,666	15,469,666	14,578,853	890,813	-
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program					
Other Expenses	88,000	101,000	17,960	83,040	
Police Dispatch - 911					
Other Expenses	13,500	13,500	13,494	6	
PUBLIC WORKS FUNCTIONS					
Stormwater Management					
Salaries and Wages	62,600	62,600	62,415	185	
Other Expenses	28,000	28,000	18,007	9,993	
EDUCATION					
Maintenance of Free Public Library	826,581	826,581	817,956	8,625	
Supplemental Library Funding	45,000	45,000	45,000	-	
UNCLASSIFIED					
Reserve for Tax Appeals	100,000	100,000	100,000	-	-
Total Other Operations Excluded From "CAPS"	1,163,681	1,176,681	1,074,832	101,849	-

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
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	-	
Drunk Driving Enforcement Fund	2,776	2,776	2,776	-	
Clean Communities	25,829	25,829	25,829	-	
Clean Communities - MINI	300	300	300	-	
Sustainable Jersey	2,000	2,000	2,000	-	
Alcohol Education and Rehabilitation		322	322	-	
CDBG - Emergency Generators - Senior Center		119,316	119,316	-	
BMED - Employee Wellness		10,000	10,000	-	
First Aide Vehicle		117,704	117,704	-	
Body Armor Replacement	4,017	4,017	4,017	-	
Roots for Rivers	4,672	4,672	4,672	-	
BCUA Recycling	3,000	3,000	3,000	-	-
Total Public and Private Programs					
Offset by Revenues	56,939	304,281	302,281	2,000	-
Total Operations Excluded from "CAPS"	1,220,620	1,480,962	1,377,113	103,849	-
Detail:					
Other Expenses (Including Contingent)	1,220,620	1,480,962	1,377,113	103,849	-
CAPITAL IMPROVEMENTS -					
Capital Improvement Fund	900,000	900,000	900,000	-	
Capital Improvements	35,000	35,000	18,968	16,032	-
Total Capital Improvements	935,000	935,000	918,968	16,032	-
MUNICIPAL DEBT SERVICE -					
Payment of Bond Principal	990,000	990,000	990,000		
Interest on Bonds	341,190	341,190	341,190		
Payment of Bond Anticipation Notes	300,000	300,000	300,000		
Interest on Notes	170,658	170,658	170,183	-	475
Total Municipal Debt Service	1,801,848	1,801,848	1,801,373	-	475
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,957,468	4,217,810	4,097,454	\$ 119,881	\$ 475
Subtotal General Appropriations	19,440,134	19,687,476	18,676,307	1,010,694	475
Reserve for Uncollected Taxes	467,000	467,000	467,000	-	-
Total General Appropriations	\$ 19,907,134	\$ 20,154,476	\$ 19,143,307	\$ 1,010,694	\$ 475
Budget as Adopted		\$ 19,907,134			
Added by NJSA 40A:4-87		247,342			
		\$ 20,154,476			
Cash Disbursed			\$ 17,420,380		
Encumbrances Payable			853,646		
Reserve for Tax Appeals			100,000		
Transfer to Appropriated Grant Reserves			302,281		
Reserve for Uncollected Taxes			467,000		
			\$ 19,143,307		

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 15,048	\$ 5,908
Change Fund	B	<u>50</u>	<u>50</u>
		<u>15,098</u>	<u>5,958</u>
OTHER TRUST FUND			
Cash	B-3	8,179,202	7,670,680
Due from Current Fund	B-10	<u>12,000</u>	<u>-</u>
		<u>8,191,202</u>	<u>7,670,680</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	<u>141,347</u>	<u>140,238</u>
		<u>141,347</u>	<u>140,238</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Cash	B-3	767,181	764,507
Due from Current Fund	B-14	<u>188</u>	<u>830</u>
		<u>767,369</u>	<u>765,337</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investment	B	1,780,679	1,384,836
Contribution Receivables	B	<u>80,395</u>	<u>65,055</u>
		<u>1,861,074</u>	<u>1,449,891</u>
Total Assets		<u>\$ 10,976,090</u>	<u>\$ 10,032,104</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018
(Continued)

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-4	-	\$ 5
Reserve for Animal Control Expenditures	B-6	\$ 15,098	5,953
		<u>15,098</u>	<u>5,958</u>
OTHER TRUST FUND			
Developer's Escrow and Other Reserves	B-11	3,389,386	3,666,706
Reserve for Health Benefit Claims	B-12	4,749,158	3,909,908
Reserve for Payroll Deductions Payable	B-13	52,658	94,066
		<u>8,191,202</u>	<u>7,670,680</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-7	5,953	259
Reserve for Unemployment Claims	B-8	135,394	139,979
		<u>141,347</u>	<u>140,238</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Reserve for Expenditures	B-15	767,369	765,337
		<u>767,369</u>	<u>765,337</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for Length of Service Award Program	B	1,861,074	1,449,891
		<u>1,861,074</u>	<u>1,449,891</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,976,090</u>	<u>\$ 10,032,104</u>

**BOROUGH OF OAKLAND
STATEMENT OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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	\$ 217,859	\$ 188
Interest on Deposits	<u>-</u>	<u>-</u>	<u>6,516</u>	<u>6,516</u>
	<u>\$ 217,671</u>	<u>\$ 217,671</u>	<u>\$ 224,375</u>	<u>\$ 6,704</u>

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Variance</u>
Debt Service				
Payment of Bond Principal	\$ 200,000	\$ 200,000	\$ 200,000	
Other Expenses	<u>17,671</u>	<u>17,671</u>	<u>22,343</u>	<u>\$ 4,672</u>
	<u>\$ 217,671</u>	<u>\$ 217,671</u>	<u>\$ 222,343</u>	<u>\$ 4,672</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash	C-2,C-3	\$ 3,446,917	\$ 5,020,040
Deferred Charges to Future Taxation			
Funded	C-5	10,701,000	11,691,000
Unfunded	C-6	12,748,089	10,474,547
Grants Receivable	C-7	<u>4,362,395</u>	<u>4,147,227</u>
		<u>\$ 31,258,401</u>	<u>\$ 31,332,814</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 10,701,000	\$ 11,691,000
Bond Anticipation Notes	C-9	7,951,000	5,251,000
Improvement Authorizations			
Funded	C-10	1,238,311	2,089,792
Unfunded	C-10	5,833,465	6,093,411
Accounts Payable	C-11	2,095,006	3,035,801
Reserve for Payment of Debt Service	C-12	1,414,331	1,367,049
Reserve for Preliminary Costs	C	9,000	9,000
Reserve for Ladder Truck	C-13	1,000,000	800,000
Reserve for Grants Receivable	C-7	150,000	150,000
Capital Improvement Fund	C-14	416,652	635,361
Fund Balance	C-1	<u>449,636</u>	<u>210,400</u>
		<u>\$ 31,258,401</u>	<u>\$ 31,332,814</u>

There were bonds and notes authorized but not issued of \$4,974,292 and \$5,400,750 at December 31, 2019 and 2018 respectively (Exhibit C-15).

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Balance, January 1	\$ 210,400	\$ 271,745
Increased by:		
Premium on Sale of Bond Anticipation Notes	60,069	48,993
Cancelled Improvement Authorizations	<u>332,920</u>	<u>29,662</u>
	<u>392,989</u>	<u>78,655</u>
	<u>603,389</u>	<u>350,400</u>
Decreased by:		
Anticipated as Revenue in the Current Fund	35,000	
Prior Year Adjustment		
Grants Receivable	118,750	
Capital Improvement Fund	3	
Appropriated to Finance Improvement Authorizations	<u>-</u>	<u>140,000</u>
	<u>153,753</u>	<u>140,000</u>
Balance, December 31	<u>\$ 449,636</u>	<u>\$ 210,400</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2019 AND 2018

ASSETS	<u>Reference</u>	<u>2019</u>	<u>2018</u>
OPERATING FUND			
Cash	D-5	\$ 1,966,954	\$ 2,107,046
Change Fund	D	<u>50</u>	<u>50</u>
		<u>1,967,004</u>	<u>2,107,096</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	<u>174,518</u>	<u>182,983</u>
		<u>2,141,522</u>	<u>2,290,079</u>
CAPITAL FUND			
Cash	D-5,D-6	1,754,373	1,494,839
Fixed Capital	D-9	13,813,896	13,276,932
Fixed Capital Authorized and Uncompleted	D-12	<u>205,000</u>	<u>684,246</u>
		<u>15,773,269</u>	<u>15,456,017</u>
Total Assets		<u>\$ 17,914,791</u>	<u>\$ 17,746,096</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2019 AND 2018
(Continued)

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-13	\$ 198,385	\$ 87,570
Accounts Payable	D-14	51,966	110,229
Reserve for Rate Stabilization	D-10	260,000	260,000
Accrued Interest Payable on Bonds	D-19	<u>3,323</u>	<u>3,540</u>
		513,674	461,339
Reserve for Receivables	D	174,518	182,983
Fund Balance	D-1	<u>1,453,330</u>	<u>1,645,757</u>
		<u>2,141,522</u>	<u>2,290,079</u>
CAPITAL FUND			
Serial Bonds Payable	D-18	\$ 1,345,000	\$ 1,475,000
Accounts Payable	D-8	75,879	9,954
Improvement Authorization			
Funded	D-15	203,029	309,851
Unfunded	D-15	-	40,832
Reserves for			
Amortization	D-20	11,562,391	11,333,841
Deferred Amortization	D-11	734,142	734,142
Payment of Debt	D	54,425	54,425
Capital Improvement Fund	D-16	1,484,245	1,183,814
Fund Balance	D-2	<u>314,158</u>	<u>314,158</u>
		<u>15,773,269</u>	<u>15,456,017</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 17,914,791</u>	<u>\$ 17,746,096</u>

There were bonds and notes authorized but not issued in the amount of \$377,363 and \$418,195 at December 31, 2019 and 2018 (Exhibit D-21).

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
WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER INCOME		
Fund Balance Anticipated	\$ 265,000	\$ 265,000
Rents	1,840,594	1,880,903
Miscellaneous	45,191	45,185
Water Capital Surplus		150,000
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	<u>71,053</u>	<u>187,363</u>
	<u>2,221,838</u>	<u>2,528,451</u>
EXPENDITURES		
Budget Appropriations		
Operating	1,457,018	1,374,920
Capital Improvements	400,431	614,851
Debt Service	172,251	174,229
Deferred Charges and Statutory Expenditures	119,300	107,000
Refund of Prior Year Revenue	<u>265</u>	<u>625</u>
	<u>2,149,265</u>	<u>2,271,625</u>
Excess in Revenue	72,573	256,826
Fund Balance, January 1	<u>1,645,757</u>	<u>1,653,931</u>
	1,718,330	1,910,757
Decreased by:		
Utilization as Anticipated Revenue	<u>265,000</u>	<u>265,000</u>
Fund Balance, December 31	<u>\$ 1,453,330</u>	<u>\$ 1,645,757</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Balance, January 1	\$ 314,158	\$ 181,086
Increased by:		
Improvement Authorizations Cancelled	<u>-</u>	<u>283,072</u>
	314,158	464,158
Decreased by:		
Utilized as Revenue in Water Operating Fund	<u>-</u>	<u>150,000</u>
Balance, December 31	<u>\$ 314,158</u>	<u>\$ 314,158</u>

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 265,000	\$ 265,000	
Rents	1,874,000	1,840,594	\$ (33,406)
Miscellaneous	<u>10,000</u>	<u>45,191</u>	<u>35,191</u>
	<u>\$ 2,149,000</u>	<u>\$ 2,150,785</u>	<u>\$ 1,785</u>
Analysis of Miscellaneous Revenues			
Interest on Investments and Deposits		\$ 39,417	
Other Miscellaneous		<u>5,774</u>	
		<u>\$ 45,191</u>	
Analysis of Miscellaneous Revenues			
Cash Receipts		\$ 30,010	
Due from Water Utility Capital Fund		<u>15,181</u>	
		<u>\$ 45,191</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, 2019

	<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	\$ 724,700	\$ 724,700	\$ 657,817	\$ 66,883
Other Expenses	732,318	732,318	609,599	122,719
CAPITAL IMPROVEMENTS				
Capital Improvement Fund	300,431	300,431	300,431	-
Capital Outlay	100,000	100,000	98,550	1,450
DEBT SERVICE				
Payment of Bond Principal	130,000	130,000	130,000	-
Interest on Bonds	42,251	42,251	42,251	-
STATUTORY EXPENDITURES				
Public Employees Retirement System	63,300	63,300	63,300	-
Social Security System	<u>56,000</u>	<u>56,000</u>	<u>48,667</u>	<u>7,333</u>
	<u>\$ 2,149,000</u>	<u>\$ 2,149,000</u>	<u>\$ 1,950,615</u>	<u>\$ 198,385</u>
			Cash Disbursed	\$ 1,868,800
			Accounts Payable	39,564
			Accrued Interest on Bonds	<u>42,251</u>
				<u>\$ 1,950,615</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, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
OPERATING FUND			
Cash	E-5	\$ 503,227	\$ 539,028
Change Fund	E	<u>25</u>	<u>25</u>
		503,252	539,053
Receivables with Full Reserves			
Consumer Accounts Receivable	E-7	<u>94,267</u>	<u>93,844</u>
		<u>597,519</u>	<u>632,897</u>
CAPITAL FUND			
Cash	E-5,E-6	333,367	193,868
Fixed Capital	E	304,100	304,100
Fixed Capital Authorized and Uncompleted	E-16	<u>928,917</u>	<u>934,760</u>
		<u>1,566,384</u>	<u>1,432,728</u>
Total Assets		<u>\$ 2,163,903</u>	<u>\$ 2,065,625</u>

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Appropriation Reserves	E-4,E-10	\$ 39,019	\$ 20,210
Encumbrances Payable	E-11	180,731	96,235
Accrued Interest on Bonds	E-13	864	408
Reserve for Sewer Rate Stabilization	E-12	<u>79,000</u>	<u>79,000</u>
		299,614	195,853
Reserve for Receivables	E	94,267	93,844
Fund Balance	E-1	<u>203,638</u>	<u>343,200</u>
		<u>597,519</u>	<u>632,897</u>
CAPITAL FUND			
Encumbrances Payable	E-9	96,569	63
Improvement Authorizations			
Funded	E-18	9,328	15,171
Unfunded	E-18	572,648	833,056
Serial Bonds Payable	E-17	155,000	170,000
Bond Anticipation Notes	E-21	300,000	
Reserve for Amortization	E-15	149,100	134,100
Deferred Reserve for Amortization	E-14	36,157	42,000
Reserve for Debt Service	E	60,000	60,000
Capital Improvement Fund	E-19	175,273	174,873
Reserve for Preliminary Expenses	E-20	3,001	
Fund Balance	E-2	<u>9,308</u>	<u>3,465</u>
		<u>1,566,384</u>	<u>1,432,728</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,163,903</u>	<u>\$ 2,065,625</u>

There were bonds and notes authorized but not issued in the amount of \$592,760 and \$892,760 at December 31, 2019 and 2018. (Exhibit E-22).

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 OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER INCOME REALIZED		
Operating Surplus Anticipated	\$ 180,000	\$ 181,000
Sewer Rents	418,065	418,015
Non-Budget Revenue	8,122	7,175
Other Credits		
Unexpended Balance of Appropriation Reserves	<u>14,251</u>	<u>18,150</u>
 Total Income	 <u>620,438</u>	 <u>624,340</u>
 EXPENDITURES		
Budget Appropriations		
Operating	530,325	475,325
Capital Improvements	20,400	37,050
Debt Service	19,875	20,175
Deferred Charges and Statutory Expenditures	<u>9,400</u>	<u>13,500</u>
 Total Expenditures	 <u>580,000</u>	 <u>546,050</u>
 Excess in Revenue	 40,438	 78,290
 Fund Balance, January 1	 <u>343,200</u>	 <u>445,910</u>
	383,638	524,200
 Decreased by:		
Utilization as Anticipated Revenue	<u>180,000</u>	<u>181,000</u>
 Fund Balance, December 31	 <u>\$ 203,638</u>	 <u>\$ 343,200</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Balance, January 1	\$ 3,465	\$ 3,465
Increased by:		
Funded Improvement Authorizations Cancelled	<u>5,843</u>	<u>-</u>
Balance, December 31	<u>\$ 9,308</u>	<u>\$ 3,465</u>

EXHIBIT E-3

STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Anticipated</u>	<u>Realized</u>	Excess or (Deficit)
Surplus Anticipated	\$ 180,000	\$ 180,000	
Sewer Rents	<u>400,000</u>	<u>418,065</u>	<u>\$ 18,065</u>
	<u>\$ 580,000</u>	\$ 598,065	<u>\$ 18,065</u>
Non Budget			
Miscellaneous		7,018	
Interest Earned Due from Sewer Utility Capital Fund		<u>1,104</u>	
		<u>\$ 606,187</u>	

BOROUGH OF OAKLAND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Other Expenses	530,325	530,325	491,306	39,019
CAPITAL IMPROVEMENTS				
Capital Improvement Fund	20,400	20,400	20,400	
DEBT SERVICE				
Payment of Bond Principal	15,000	15,000	15,000	
Interest on Bonds	4,875	4,875	4,875	
STATUTORY EXPENDITURES				
Contribution to Public Employees Retirement System	<u>9,400</u>	<u>9,400</u>	<u>9,400</u>	<u>-</u>
Total Sewer Utility Appropriations	<u>\$ 580,000</u>	<u>\$ 580,000</u>	<u>\$ 540,981</u>	<u>\$ 39,019</u>
Cash Disbursed			\$ 355,375	
Accrued Interest on Bonds			4,875	
Encumbrances Payable			<u>180,731</u>	
			<u>\$ 540,981</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF OAKLAND
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Land	\$ 26,856,400	\$ 26,856,400
Buildings and Building Improvements	9,284,701	9,284,701
Machinery and Equipment	<u>9,360,061</u>	<u>9,102,770</u>
 Total Assets	 <u>\$ 45,501,162</u>	 <u>\$ 45,243,871</u>
 FUND BALANCE		
Investment in General Fixed Assets	 <u>\$ 45,501,162</u>	 <u>\$ 45,243,871</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, 2019 AND 2018

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, 2019 AND 2018

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.

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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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, 2018 balances to conform to the December 31, 2019 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, 2019 AND 2018**

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, 2019 AND 2018**

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 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.

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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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 2019 and 2018 the Borough Council increased the original Current Fund budget by \$247,342 and \$6,561. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2019 and 2018.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. **Cash Deposits**

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

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2019 and 2018, the book value of the Borough's deposits were \$24,355,387 and \$25,132,784 and bank and brokerage firm balances of the Borough's deposits amounted to \$25,592,460 and \$25,980,811, 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>2019</u>	<u>2018</u>
Insured	\$ 25,592,460	\$ 28,980,811

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, 2019 and 2018, 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, 2019 AND 2018

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2019 and 2018, the Borough had the following investments:

	<u>2019</u>	<u>Fair Value</u>	<u>2018</u>
Investment:			
Length of Service Awards Program			
Lincoln Financial (Unaudited)	\$ 1,780,679		\$ 1,384,836

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, 2019 and 2018, \$1,780,679 and \$1,384,836 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2019</u>	<u>2018</u>
<u>Uninsured and Collateralized:</u>		
Collateral held by pledging financial institution's trust		
department not in the Borough's name (Unaudited)	\$ 1,780,679	\$ 1,384,836

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, 2019 and 2018, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services and A- by Standard Poor's.

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

The fair value of the above-listed investments 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 Fund 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, 2019 AND 2018

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2019 consisted of the following:

	<u>Current</u>	<u>Utility</u>		<u>Total</u>
		<u>Water</u>	<u>Sewer</u>	
<u>2019</u>				
Property Taxes	\$ 20,226			\$ 20,226
Tax Title Liens	339,958			339,958
Utility Rents	-	\$ 174,518	\$ 94,267	268,785
	<u>\$ 360,184</u>	<u>\$ 174,518</u>	<u>\$ 94,267</u>	<u>\$ 628,969</u>

In 2019, the Borough collected \$27,065 and \$276,827 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, 2018.

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	-			-
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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>		<u>2018</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund		\$ 188		\$ 830
Trust Funds				
Municipal Open Space	\$ 188	-	\$ 830	-
Total	<u>\$ 188</u>	<u>\$ 188</u>	<u>\$ 830</u>	<u>\$ 830</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.

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:

	<u>2019</u>		<u>2018</u>	
	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	\$ 3,979,823	\$ 1,600,000	\$ 4,105,221	\$ 1,510,000
Non-Cash Surplus	<u>359,349</u>	<u>-</u>	<u>356,043</u>	<u>-</u>
	<u>\$ 4,339,172</u>	<u>\$ 1,600,000</u>	<u>\$ 4,461,264</u>	<u>\$ 1,510,000</u>
Water Utility Operating Fund				
Cash Surplus	<u>\$ 1,453,330</u>	<u>\$ 200,000</u>	<u>\$ 1,645,757</u>	<u>\$ 265,000</u>
Sewer Utility Operating Fund				
Cash Surplus	<u>\$ 203,638</u>	<u>\$ 105,000</u>	<u>\$ 343,200</u>	<u>\$ 180,000</u>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>
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>\$ 610,921</u>	<u>\$ 353,630</u>	<u>9,360,061</u>
	<u>\$ 45,243,871</u>	<u>\$ 610,921</u>	<u>\$ 353,630</u>	<u>\$ 45,501,162</u>
	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>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets

The following is a summary of changes in the utility funds fixed assets for the years ended December 31, 2019 and 2018.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>
Water Utility Capital Fund				
Fixed Capital Unallocated	<u>\$ 13,276,932</u>	<u>\$ 536,964</u>	<u>\$ -</u>	<u>\$ 13,813,896</u>

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

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>
Sewer Utility Capital Fund				
Fixed Capital Unallocated	<u>\$ 304,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,100</u>

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</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, 2019 AND 2018

NOTE 8 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et. seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. 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>2019</u>	<u>2018</u>
Issued		
General		
Bonds and Notes	\$ 18,652,000	\$ 16,942,000
Water Utility		
Bonds	1,345,000	1,475,000
Sewer Utility		
Bonds and Notes	<u>455,000</u>	<u>170,000</u>
Total Issued	20,452,000	18,587,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,705,959</u>	<u>1,658,677</u>
Net Debt Issued	18,746,041	16,928,323
Authorized But Not Issued		
General		
Bonds and Notes	4,974,292	5,400,750
Water Utility		
Bonds and Notes	377,363	418,195
Sewer Utility		
Bonds and Notes	<u>592,760</u>	<u>892,760</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 24,690,456</u>	<u>\$ 23,640,028</u>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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 .87% and .90% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 23,626,292	\$ 1,591,534	\$ 22,034,758
School Debt	4,614,035	4,614,035	
Water and Sewer Utility Debt	<u>2,770,123</u>	<u>2,770,123</u>	<u>-</u>
Total	<u>\$ 31,010,450</u>	<u>\$ 8,975,692</u>	<u>\$ 22,034,758</u>

	<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>

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>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 88,566,082	\$ 85,966,043
Less: Net Debt	<u>22,034,758</u>	<u>20,798,498</u>
Remaining Borrowing Power	<u>\$ 66,531,324</u>	<u>\$ 65,167,545</u>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>	<u>2018</u>
\$1,096,000, 2006 Bonds, due in annual installments of \$95,000 to \$96,000 through December 1, 2021, interest at 4.00%	\$ 191,000	\$ 281,000
\$14,235,000, 2015 Bonds, due in annual installments of \$950,000 to \$1,120,000 through December 1, 2029, interest at 2.50-3.125%	<u>10,510,000</u>	<u>11,410,000</u>
	<u>\$ 10,701,000</u>	<u>\$ 11,691,000</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:

	<u>2019</u>	<u>2018</u>
Water Utility		
\$1,995,000, 2015 Bonds, due in annual installments of \$130,000 to \$135,000 through December 1, 2029, interest at 2.50-3.125%	<u>\$ 1,345,000</u>	<u>\$ 1,475,000</u>
Sewer Utility		
\$230,000, 2015 Bonds, due in annual installments of \$15,000 to \$20,000 through December 1, 2029, interest at 2.50-3.125%	<u>\$ 155,000</u>	<u>\$ 170,000</u>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 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>	
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	1,050,000	196,700	135,000	24,469	15,000	2,875	1,424,044
2025-2029	<u>5,460,000</u>	<u>503,800</u>	<u>675,000</u>	<u>61,594</u>	<u>80,000</u>	<u>7,625</u>	<u>6,788,019</u>
	<u>\$ 10,701,000</u>	<u>\$ 1,797,780</u>	<u>\$ 1,345,000</u>	<u>\$ 223,639</u>	<u>\$ 155,000</u>	<u>\$ 26,425</u>	<u>\$ 14,248,844</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>General Capital Fund</u>					
Bonds Payable	<u>\$ 11,691,000</u>	<u>\$ -</u>	<u>\$ 990,000</u>	<u>\$ 10,701,000</u>	<u>\$ 1,045,000</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	<u>\$ 1,475,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 1,345,000</u>	<u>\$ 130,000</u>
<u>Sewer Utility Capital Fund</u>					
Bonds Payable	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 155,000</u>	<u>\$ 15,000</u>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	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>

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance December 31, <u>2018</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2019</u>
<u>General Capital Fund</u>						
Various Improvements	3.25%	12/13/2019	\$ 1,400,000		\$ 1,400,000	\$ -
Various Improvements	2.00%	12/13/2020		\$ 1,100,000		\$ 1,100,000
Van Allen House Improvements	3.25%	12/13/2019	2,298,000		2,298,000	-
Van Allen House Improvements	2.00%	12/13/2020		2,298,000		2,298,000
Renovation of Library	3.25%	12/13/2019	1,553,000	-	1,553,000	-
Renovation of Library	2.00%	12/13/2020		1,553,000		1,553,000
Various Public Improvements and Acquisition of New Communication Equipment	2.00%	12/13/2020		1,000,000		1,000,000
Various Public Improvements	2.00%	12/13/2020		1,000,000		1,000,000
Various Public Improvements	2.00%	12/13/2020	-	1,000,000	-	1,000,000
Total General Capital Fund			<u>\$ 5,251,000</u>	<u>\$ 7,951,000</u>	<u>\$ 5,251,000</u>	<u>\$ 7,951,000</u>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance December 31 2018	Renewed/ Issued	Retired/ Redeemed	Balance, December 31 2019
<u>Sewer Utility Capital Fund</u>						
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	2.00%	12/13/2020	\$ -	\$ 300,000	\$ -	\$ 300,000
Total Sewer Utility Capital Fund			\$ -	\$ 300,000	\$ -	\$ 300,000

	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			\$ 5,251,000	\$ 5,251,000	\$ 5,251,000	\$ 5,251,000

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the sewer utility activities are accounted for in the Sewer Utility 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, 2019 AND 2018

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2019</u>		
2018 Road Program	\$ 246,722	2020
Exterior Renovations to Van Allen House	20,660	2020
Cascade System	52,330	2020
Restoration of Salt Spreader on Two International Dump Trucks	61,673	2020
Purchase of an Ambulance	242,704	2020
Construction of a Roller Hockey Rink	189,858	2020
2019 Road Program	188,508	2020
Two 2020 Chevy Tahoe Police Vehicles	76,690	2020
Purchase of 4RE In Car Video Systems	45,184	2020
Purchase of 22 sets of Turnout Gear	59,356	2020
Purchase of Two Ford F350 Pickup Trucks	75,066	2020
New Police Computer Network	156,121	2020
Dump Truck with Salt Spreader	143,180	2020
<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	2020
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

NOTE 10 OPERATING LEASES

The Borough leases copiers under noncancelable operating leases. Lease payments for the years ended December 31, 2019 and 2018 were \$9,624 and \$8,020, respectively. The future minimum lease payments for these leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ 9,624
2021	9,624
2022	<u>1,604</u>
Total	<u>\$ 20,852</u>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, personal time, 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 \$1,250,901 and \$1,246,204 at December 31, 2019 and 2018, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2019 and 2018, the Borough has reserved in the Other Trust Fund \$347,316 and \$362,036, 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, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
Compensated Absences	\$ 1,246,204	\$ 4,697		\$ 1,250,901	\$ 400,000
Net OPEB Obligation	28,953,559	4,972,316		33,925,875	
Net Pension Liability					
PERS	8,226,867		860,726	7,366,141	
PFRS	12,376,970	-	1,395,033	10,981,937	-
Total Other Long-Term Liabilities	<u>\$ 50,803,600</u>	<u>\$ 4,977,013</u>	<u>\$ 2,255,759</u>	<u>\$ 53,524,854</u>	<u>\$ 400,000</u>
	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	15,104,830	-	2,727,860	12,376,970	-
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>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 AND 2018

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, 2019 AND 2018

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 local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

Actuarial Methods and Assumptions

In the July 1, 2018 and 2017 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 2019 and 2018 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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2019, 2018 and 2017, 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>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2019	\$ 907,132	\$ 429,075	\$ 6,175
2018	865,915	405,152	6,567
2017	785,245	379,965	5,466

In addition for the years ended December 31, 2019, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$739, \$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, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2019 and 2018, the Borough reported a liability of \$7,366,141 and \$8,226,867, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, 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, 2019, the Borough's proportionate share was 0.04088 percent, which was a decrease of 0.00090 percent from its proportionate share measured as of June 30, 2018 of .04178 percent.

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough's pension expense to be \$219,042 and \$360,077, respectively, for PERS based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$429,075 and \$405,152, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 132,213	\$ 32,540	\$ 156,888	\$ 42,420
Changes of Assumptions	735,536	2,556,764	1,355,651	2,630,515
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		116,277		77,168
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>109,265</u>	<u>567,295</u>	<u>221,696</u>	<u>610,611</u>
Total	<u>\$ 977,014</u>	<u>\$ 3,272,876</u>	<u>\$ 1,734,235</u>	<u>\$ 3,360,714</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (361,077)
2021	(817,460)
2022	(716,316)
2023	(364,768)
2024	(36,241)
Thereafter	<u>-</u>
	<u>\$ (2,295,862)</u>

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00% Based on Years of Service	1.65-4.15% Based on Age
Thereafter	3.00%-7.00% Based on Years of Service	2.65%-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

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>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, 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 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>9,304,633</u>	\$ <u>7,366,141</u>	\$ <u>5,732,687</u>
	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>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018

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, 2019 and 2018, the Borough reported a liability of \$10,981,937 and \$12,376,970, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, 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, 2019, the Borough's proportionate share was 0.089737 percent, which was a decrease of 0.001730 percent from its proportionate share measured as of June 30, 2018 of .091467 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough pension expense to be \$822,920 and \$860,911, respectively, for PFRS based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$907,132 and \$865,915, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 92,702	\$ 69,529	\$ 125,920	\$ 51,219
Changes of Assumptions	376,301	3,549,261	1,062,396	3,172,004
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		148,802		67,713
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	222,318	897,660	336,311	896,119
Total	<u>\$ 691,321</u>	<u>\$ 4,665,252</u>	<u>\$ 1,524,627</u>	<u>\$ 4,187,055</u>

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (685,379)
2021	(1,374,190)
2022	(1,063,546)
2023	(580,409)
2024	(270,407)
Thereafter	<u>-</u>
	<u>\$ (3,973,931)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years 3.25%-15.25% Based on Years of Service	2026 2.10%-8.98% Based on Age
Thereafter	Not Applicable	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

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>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

BOROUGH OF OAKLAND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, 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 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

<u>2019</u>	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 14,843,577</u>	<u>\$ 10,981,937</u>	<u>\$ 7,785,874</u>
<u>2018</u>	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 16,565,038</u>	<u>\$ 12,376,970</u>	<u>\$ 8,922,576</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018

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

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, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,734,069 and \$1,681,207, respectively. For the years ended December 31, 2019 and 2018, 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 \$201,485 and \$199,136, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$116,840 and \$99,568, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the Borough was 0.089737 percent, which was a decrease of 0.001730 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .091467 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, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2019, the following employees were covered by postemployment health care benefits:

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

At December 31, 2019 and 2018, the Borough’s total OPEB liabilities were \$33,925,875 and \$28,953,559, respectively. Net OPEB liability was measured as of December 31, 2019 and December 31, 2018, respectively, and the OPEB liability was determined by an actuarial valuation as of those dates.

For the years ended December 31, 2019 and 2018, the Borough has determined it’s OPEB expense to be \$1,981,319 and \$1,624,100, respectively, based on the actuarial valuations which are more than the actual contributions reported in the Borough’s financial statements of \$704,736 and \$586,152, respectively. At December 31, 2018 and 2017, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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)

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

	<u>2019</u>		<u>2018</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				
Changes of Assumptions	\$ 3,695,733			
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments				
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions				
Contributions made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,695,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ 317,094
2021	317,094
2022	317,094
2023	317,094
2024	317,094
Thereafter	<u>2,110,263</u>
	<u>\$ 3,695,733</u>

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the December 31, 2019 measurement date as determined by an actuarial valuation. The total OPEB liability reported for the year ended December 31, 2018 was based on the December 31, 2018 measurement date as determined by an actuarial valuation. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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)

Key Actuarial Assumptions

Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement.
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. 2.74% Based on the Bond Buyer 20 Index as of December 31, 2019.
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

- 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 2019 premiums and the plan option selected. The age specific cost was derived based on per person costs at the average age of the active population (45) and scaled to each aged 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. When actual data is not available, post 65 costs are 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.
- Actuarial Valuation Method – Entry Age Normal Funding Method based on a level percentage of salary. 2019 salaries were reported as \$5.643 million.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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 years ended December 31, 2019 and 2018 based on measurement dates of December 31, 2019 and December 31, 2018, respectively are as follows:

	<u>2019</u>	<u>2018</u>
Balance - January 1	\$ 28,953,559	\$ 27,915,612
Changes for the Year:		
Service Cost	472,215	472,215
Interest on the Total OPEB Liability	1,192,010	1,151,884
Changes in Assumptions	4,012,827	
Benefit Payments	(704,736)	(586,152)
Net Changes	<u>4,972,316</u>	<u>1,037,947</u>
Balance - December 31	<u>\$ 33,925,875</u>	<u>\$ 28,953,559</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, 2019 and 2018 calculated using the discount rate of 2.74% and 4.10%, respectively, 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 1.74% and 3.10% or 1-percentage-point higher 3.74% and 5.10%, respectively, than the current rate:

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
<u>2019</u>			
Net OPEB Liability	<u>\$ 36,749,783</u>	<u>\$ 33,925,875</u>	<u>\$ 31,562,168</u>
	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
<u>2018</u>			
Net OPEB Liability	<u>\$ 31,913,933</u>	<u>\$ 28,953,559</u>	<u>\$ 26,475,405</u>

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018 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%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
<u>2019</u>			
Net OPEB Liability	<u>\$ 31,138,377</u>	<u>\$ 33,925,875</u>	<u>\$ 37,255,410</u>
	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
<u>2018</u>			
Net OPEB Liability	<u>\$ 26,850,731</u>	<u>\$ 28,953,559</u>	<u>\$ 31,465,053</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, 2019 AND 2018

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>
2019	\$ 13,450	\$ 18,035	\$ 135,394
2018	12,462	10,814	139,979
2017	4,037	18,051	138,331

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, 2019 and 2018. 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, 2019 and 2018, the Borough reserved \$301,054 and \$305,190 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, 2019 and 2018, 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, 2019 AND 2018

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, 2019 and 2018, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Oakland Length of Service Awards 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 Awards 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 \$1,410 and \$1,384 for 2019 and 2018, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$80,395 and \$65,055 for 2019 and 2018, 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 Group 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.

BOROUGH OF OAKLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Crisis”). On March 13, 2020, President Trump declared a national emergency to release federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

During 2020, the Borough adopted bond ordinances authorizing the issuance of \$5,283,188 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

**BOROUGH OF OAKLAND
STATEMENT OF CURRENT CASH**

Balance, December 31, 2018		\$ 7,196,255
Increased by Receipts:		
Taxes Receivable	\$ 62,463,525	
Tax Title Liens	8,990	
Prepaid Taxes	343,397	
Tax Overpayments	82,710	
Grants Receivable	268,901	
Senior Citizens' and Veterans' Deductions - Due from State of NJ	82,000	
Revenue Accounts Receivable	3,272,049	
Non-Budget Revenue	227,600	
Receipts from Animal Control Trust Fund	208	
Receipts from Other Trust Fund	22,508	
Receipts from Municipal Open Space Trust Fund	200,000	
Receipts from Unemployment Insurance Trust Fund	1,568	
Receipts from General Capital Fund	74,203	
Due to Trust Fund	12,000	
Unappropriated Grant Reserves	28,829	
Construction Code Fees	10,112	
		<u>67,098,600</u>
		74,294,855
Decreased by Disbursements:		
2019 Budget Appropriations	17,420,380	
2018 Appropriation Reserves	1,126,259	
Appropriated Grant Reserves	103,812	
Tax Overpayments	184,239	
County Taxes Payable	6,040,818	
Local District School Taxes Payable	29,637,036	
Regional School Taxes Payable	12,200,829	
Reserve for Tax Appeals	104,136	
Payments to Municipal Open Space Trust Fund	218,501	
Construction Code Fees Payable	11,449	
		<u>67,047,459</u>
Balance, December 31, 2019		<u><u>\$ 7,247,396</u></u>

**BOROUGH OF OAKLAND
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2018</u>	Balance, December 31, <u>2019</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 FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2018	\$ 6,489
Increased by:	
Senior Citizens' Deductions Per Tax Billings	\$ 9,000
Veterans' Deductions Per Tax Billings	72,250
Senior Citizens' and Veterans Deductions Allowed by Tax Collector - Prior Year	2,750
Senior Citizens' and Veterans Deductions Allowed by Tax Collector	<u>1,250</u>
	<u>85,250</u>
	91,739
Decreased by:	
Cash Received from State of New Jersey	\$ 82,000
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector	<u>2,250</u>
	<u>84,250</u>
Balance, December 31, 2019	<u>\$ 7,489</u>

**BOROUGH OF OAKLAND
STATEMENT OF TAXES RECEIVABLE**

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>	<u>2019 Levy</u>	<u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Cash Collections</u>		<u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Transfer</u> <u>to Tax</u> <u>Title Liens</u>	<u>Cancelled</u>	<u>Balance,</u> <u>December 31,</u> <u>2019</u>
2018	\$ 18,075				\$ 15,325	\$ 2,750			
2019	<u>-</u>	<u>\$ 63,044,270</u>	<u>\$ 2,250</u>	<u>\$ 354,974</u>	<u>62,448,200</u>	<u>82,500</u>	<u>\$ 25,573</u>	<u>\$ 115,047</u>	<u>\$ 20,226</u>
	<u>\$ 18,075</u>	<u>\$ 63,044,270</u>	<u>\$ 2,250</u>	<u>\$ 354,974</u>	<u>\$ 62,463,525</u>	<u>\$ 85,250</u>	<u>\$ 25,573</u>	<u>\$ 115,047</u>	<u>\$ 20,226</u>

Analysis of 2019 Property Tax Levy

Tax Yield

General Purpose Tax	\$ 62,980,931	
Added Taxes (54:4-63.1 et seq.)	<u>63,339</u>	
		<u>\$ 63,044,270</u>

Tax Levy

Local District School Tax	\$ 29,569,800	
Regional School Tax	12,200,829	
County Tax	5,780,561	
County Open Space Tax	248,875	
Due for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>5,216</u>	
		47,805,281
Local Tax for Municipal Purposes	14,136,614	
Minimum Library Tax	826,581	
Municipal Open Space Tax	217,671	
Municipal Open Space Tax Added	188	
Add Additional Tax Levies	<u>57,935</u>	
		15,238,989
		<u>\$ 63,044,270</u>

BOROUGH OF OAKLAND
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2018	\$ 313,407
Increased by:	
Interest and Costs on Tax Sale	\$ 975
Added Tax Title Liens	8,993
Transferred from 2019 Taxes	<u>25,573</u>
	<u>35,541</u>
	348,948
Decreased by:	
Collections	<u>8,990</u>
Balance, December 31, 2019	<u><u>\$ 339,958</u></u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2018</u>	Accrued in <u>2019</u>	<u>Receipts</u>	Balance, December 31, <u>2019</u>
Municipal Alliance Grant	\$ 1,550	\$ 9,876	\$ 9,340	\$ 2,086
Sustainable Jersey Grant	8,000	2,000	6,000	4,000
Highlands - Plan Conformance	249,357	-	-	249,357
Highlands - Transfer Development Rights	4,824	-	-	4,824
CDBG - Emergency Generators - Senior Center		119,316	119,316	-
BMED - Employee Wellness		10,000	2,339	7,661
First Aide Vehicle		117,704	117,704	-
BCUA Recycling		3,000	2,000	1,000
Roots for Rivers		4,672	4,552	120
Clean Communities - MINI		300	300	-
Alcohol Education and Rehabilitation Fund		322	322	-
Body Armor Replacement Fund	6,195	4,017	4,028	6,184
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>\$ 349,554</u>	<u>\$ 271,207</u>	<u>\$ 268,901</u>	<u>\$ 351,860</u>

BOROUGH OF OAKLAND
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2018</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2019</u>
Licenses				
Alcoholic Beverage		\$ 24,650	\$ 24,650	
Other		41,809	41,809	
Fees and Permits		179,697	179,697	
Construction Code Official				
Fees and Permits		147,465	147,465	
Recreation				
Fees and Permits		448,159	448,159	
Municipal Court				
Fines and Costs	\$ 13,505	236,702	226,683	\$ 23,524
Interest and Costs on Taxes		60,710	60,710	
Interest on Investments and Deposits		164,297	164,297	
Energy Receipts Tax		1,312,169	1,312,169	
Uniform Fire Safety Act		39,048	39,048	
Cellular Tower Lease		189,324	189,324	
Cablevision Franchise Fee		127,807	127,807	
Verizon Franchise Fee		68,948	68,948	
Real Property Lease		71,606	71,606	
Sale of Recyclables		37,807	37,807	
Shared Service Agreement - School Crossing Guards		12,582	12,582	
Off Duty Police Officers Administrative Fees		6,488	6,488	-
Pension Reimbursement - Library		40,100	40,100	
Pension Reimbursement - Water Utility		63,300	63,300	
Pension Reimbursement - Sewer Utility	-	9,400	9,400	-
	<u>\$ 13,505</u>	<u>\$ 3,282,068</u>	<u>\$ 3,272,049</u>	<u>\$ 23,524</u>

BOROUGH OF OAKLAND
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2018	Transfers	Cancelled Payables	Balance After Modification	Expended	Balance Lapsed
Salaries and Wages						
General Administration	\$ 21,640			\$ 21,640		\$ 21,640
General Services	36,555			36,555	\$ 2,113	34,442
Mayor and Council	851			851	850	1
Municipal Clerk	1			1		1
Financial Administration	21,731			21,731	284	21,447
Tax Assessment	1,972			1,972	69	1,903
Revenue Administration	5,509	\$ (750)		4,759	612	4,147
Land Use Administration	2,378			2,378		2,378
Zoning Board of Adjustment	2,142			2,142		2,142
Police	127,342			127,342	33,193	94,149
Flood Control Committee	16			16	-	16
Office of Emergency Management	36			36	-	36
Fire	2,805			2,805	-	2,805
Streets and Road Maintenance	28,014			28,014	(2,143)	30,157
Snow Removal	8,670			8,670	8,670	-
Solid Waste Collection	136	600		736	655	81
Buildings and Grounds	10,470			10,470	215	10,255
Vehicle Maintenance	1,499			1,499	-	1,499
Board of Health	2,404			2,404	-	2,404
Board of Recreation Commissioners	9,864		\$ 18	9,882	-	9,882
Senior Citizens Activities	7,320			7,320	671	6,649
Municipal Court	2,936			2,936	-	2,936
Uniform Construction Code	226	1,500		1,726	1,357	369
Stormwater Management	1,235	-	-	1,235	-	1,235
Total Salaries and Wages	295,752	1,350	18	297,120	46,546	250,574
Other Expenses						
General Administration	2,360		\$ 731	3,091	791	2,300
Communication Committee	1,707		971	2,678	971	1,707
General Services	2,884		4,663	7,547	4,880	2,667
Mayor and Council	9,843		503	10,346		10,346
Municipal Clerk	2,265		6,690	8,955	4,852	4,103
Elections	160			160		160
Financial Administration	12,515		8,419	20,934	6,692	14,242
Audit Services	7,500		29,500	37,000	31,250	5,750
Information Technology	8,497		7,205	15,702	9,185	6,517
Revenue Administration	4,248	750	2,650	7,648	7,637	11
Tax Assessment Administration	1,794		660	2,454	37	2,417
Legal Services and Costs	30,000		49,185	79,185	26,443	52,742
Engineering Services	27,380		13,485	40,865	5,484	35,381
Land Use Administration	3,479		9,308	12,787	4,688	8,099
Zoning Board of Adjustment	37		1,206	1,243	1,080	163
Insurance						
Other Insurance	143,278			143,278	125,903	17,375
Employee Group Insurance	242,793		14,043	256,836	256,836	-
Police	6,912		22,971	29,883	21,910	7,973
Flood Control Committee	1,000			1,000	-	1,000
Office of Emergency Management	7,159			7,159	-	7,159

BOROUGH OF OAKLAND
STATEMENT OF APPROPRIATION RESERVES
(Continued)

	Balance, December 31, 2018	Transfers	Cancelled Payables	Balance After Modification	Expended	Balance Lapsed
Other Expenses (Continued)						
Fire	\$ 11,042		\$ 39,488	\$ 50,530	\$ 47,463	\$ 3,067
Streets and Road Maintenance	16,555		29,445	46,000	30,154	15,846
Snow Removal	2,667		26,807	29,474	29,474	-
Shade Tree Commission	1,410		12,350	13,760	12,350	1,410
Solid Waste Collection	14,444	\$ (600)	168,838	182,682	166,308	16,374
Buildings and Grounds	1,038		47,379	48,417	34,001	14,416
Vehicle Maintenance	6,209		13,939	20,148	9,019	11,129
Board of Health	4,905		24,512	29,417	18,332	11,085
Environmental Health Services Commission	410			410	-	410
Board of Recreation Commissioners	1,397		27,742	29,139	26,777	2,362
Senior Citizens Activities	4,126		7,885	12,011	5,412	6,599
Municipal Court	1,172		1,544	2,716	2,075	641
Public Defender			5,500	5,500	900	4,600
Municipal Prosecutor			5,250	5,250	450	4,800
Uniform Construction Code	3,105	(1,500)	51	1,656	382	1,274
Gasoline	16,500	(15,600)	37,503	38,403	14,749	23,654
Electricity	6,117	5,100		11,217	8,996	2,221
Natural Gas	6,849		320	7,169	5,441	1,728
Street Lighting	683	10,500	4,003	15,186	11,000	4,186
Telephone	2,026	-	4,631	6,657	5,203	1,454
Contingent	5,000			5,000	-	5,000
Social Security	6,537			6,537	-	6,537
Defined Contribution Retirement Program	1,433			1,433	-	1,433
Length of Service Awards Program	88,000	-		88,000	88,000	-
Stormwater Management	4,015		4,811	8,826	3,960	4,866
911 System	21			21	-	21
Maintenance of Free Public Library	17,414		45,269	62,683	53,883	8,800
Matching Fund for Grants	2,000	-	-	2,000	-	2,000
Total Other Expenses	740,886	(1,350)	679,457	1,418,993	1,082,968	336,025
	<u>\$ 1,036,638</u>	<u>\$ -</u>	<u>\$ 679,475</u>	<u>\$ 1,716,113</u>	<u>\$ 1,129,514</u>	<u>\$ 586,599</u>

Cash Disbursed \$1,126,259
Accounts Payable 3,255
\$1,129,514

BOROUGH OF OAKLAND
STATEMENT OF ENCUMBRANCES/ACCOUNTS PAYABLE

Balance, December 31, 2018		\$ 679,475
Increased by:		
Charges to 2019 Budget Appropriation	\$ 853,646	
Transferred from 2018 Appropriation Reserves	<u>3,255</u>	
		<u>856,901</u>
		1,536,376
Decreased by:		
Cancelled Payables Restored to Appropriation Reserves		<u>679,475</u>
Balance, December 31, 2019		<u>\$ 856,901</u>

EXHIBIT A-13

STATEMENT OF PREPAID TAXES

Balance, December 31, 2018		\$ 354,974
Increased by:		
2020 Taxes Collected		<u>343,397</u>
		698,371
Decreased by:		
Applied to 2019 Taxes		<u>354,974</u>
Balance, December 31, 2019		<u>\$ 343,397</u>

EXHIBIT A-14

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2018		\$ 184,239
Increased by:		
Overpayments		<u>82,710</u>
		266,949
Decreased by:		
Refunds		<u>184,239</u>
Balance, December 31, 2019		<u>\$ 82,710</u>

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

Balance, December 31, 2018		\$ 11,382
Increased by:		
Tax Levy		
County Taxes	\$ 5,780,561	
County Open Space Preservation	248,875	
Added and Omitted Taxes	<u>5,216</u>	
		<u>6,034,652</u>
		6,046,034
Decreased by:		
Payments		<u>6,040,818</u>
Balance, December 31, 2019		<u>\$ 5,216</u>

EXHIBIT A-16

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2018		\$ 67,236
Increased by:		
Levy - Calendar Year		<u>29,569,800</u>
		29,637,036
Decreased by:		
Payments		<u>29,637,036</u>
Balance, December 31, 2019		<u>\$ -</u>

EXHIBIT A-17

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by:		
Levy - Calendar Year		\$ 12,200,829
Decreased by:		
Payments		<u>\$ 12,200,829</u>

BOROUGH OF OAKLAND
STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2018	\$ 305,190
Increased by:	
Budget Appropriation	<u>100,000</u>
	405,190
Decreased by:	
Tax Refunds	<u>104,136</u>
Balance, December 31, 2019	<u>\$ 301,054</u>

STATEMENT OF APPROPRIATED RESERVES -
PUBLIC AND PRIVATE PROGRAMS

	Balance, December 31, 2018	Prior Year Adjustment	Transferred from 2019 Appropriations	Cash Disbursed	Balance, December 31, 2019
NJ State Police OEM Grant	\$ 8,008				\$ 8,008
Recycling Tonnage Grant	31,171			\$ 22,328	8,843
Clean Communities	35,292		\$ 26,129	35,578	25,843
Police Body Armor	10,367		4,017	9,844	4,540
Drunk Driving Enforcement Fund	15,104		2,776	5,320	12,560
Alcohol Education and Rehabilitation	2,763		322	900	2,185
Municipal Alliance Grant					
State Share	15,047		9,876	11,047	13,876
Local Share	5,016		2,469	3,683	3,802
CDBG - Emergency Generators - Senior Center			119,316		119,316
BMED - Employee Wellness			10,000	6,548	3,452
First Aide Vehicle			117,704		117,704
Sustainable Jersey Grant			2,000	1,011	989
BCUA Recycling			3,000	3,000	-
Roots for Rivers			4,672	4,553	119
Community Forestry	3,000				3,000
Highlands - Plan Conformance	210,218				210,218
Bergen County Roller Hockey		\$ 17,125			17,125
Bergen County Open Space					
Ramapo Valley Park	28,741				28,741
Van Allen/Stream House	352				352
NJ Motor Vehicle Service Police Fees	24,285	-	-	-	24,285
	<u>\$ 389,364</u>	<u>\$ 17,125</u>	<u>\$ 302,281</u>	<u>\$ 103,812</u>	<u>\$ 604,958</u>

BOROUGH OF OAKLAND
STATEMENT OF UNAPPROPRIATED GRANT RESERVES

	Balance, December 31, 2018	Cash Received	Appropriated in 2019 Budget	Balance, December 31, 2019
Clean Communities Grant	\$ 25,829	\$ 28,829	\$ 25,829	\$ 28,829
Drunk Driving Enforcement Fund	<u>2,776</u>	<u>-</u>	<u>2,776</u>	<u>-</u>
	<u>\$ 28,605</u>	<u>\$ 28,829</u>	<u>\$ 28,605</u>	<u>\$ 28,829</u>

EXHIBIT A-21

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

Balance, December 31, 2018	\$ 4,176
Increased by:	
Cash Received	<u>10,112</u>
	14,288
Decreased by:	
Payments to State of New Jersey	<u>11,449</u>
Balance, December 31, 2019	<u>\$ 2,839</u>

EXHIBIT A-22

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

Balance, December 31, 2018	<u>\$ 25</u>
Balance, December 31, 2019	<u>\$ 25</u>

TRUST FUNDS

**BOROUGH OF OAKLAND
STATEMENT OF TRUST CASH**

	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment</u>	<u>Municipal Open Space</u>
Balance, December 31, 2018	\$ 5,908	\$ 7,670,680	\$ 140,238	\$ 764,507
Increased by Receipts:				
Interest on Investments and Deposits	\$ 208	22,508	\$ 1,568	\$ 6,516
Employee Payroll Deductions		14,234,640	13,450	
Developer's Escrow and Other Reserves		2,079,685		
State Dog License Fees	1,803			
Animal Control Fees	18,465			
Receipts from Current Fund				218,501
Health Benefits	-	990,406	-	-
	<u>20,476</u>	<u>17,327,239</u>	<u>15,018</u>	<u>225,017</u>
	26,384	24,997,919	155,256	989,524
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	9,320			
Payments to Current Fund	208	22,508	1,568	200,000
Payments to State of New Jersey	1,808		12,341	
Miscellaneous Payments				
Developer's Escrow and Other Reserves		2,369,005		
Payroll Deductions Payable		14,276,048		
Reserve for Health Benefit Claims		151,156		
Municipal Open Space Expenditures	-	-	-	22,343
	<u>11,336</u>	<u>16,818,717</u>	<u>13,909</u>	<u>222,343</u>
Balance, December 31, 2019	<u>\$ 15,048</u>	<u>\$ 8,179,202</u>	<u>\$ 141,347</u>	<u>\$ 767,181</u>

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

Balance, December 31, 2018	\$ 5
Increased by:	
Dog License Fees Collected in 2019	<u>1,803</u>
	1,808
Decreased by:	
Payments to State of New Jersey	<u>1,808</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

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

Increased by:	
Interest on Investments and Deposits	\$ 208
Decreased by:	
Payments to Current Fund	<u>208</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

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

Balance, December 31, 2018	\$ 5,953
Increased by:	
Cash Receipts	<u>18,465</u>
	24,418
Decreased by:	
Expenditures Under R.S. 4:19 - 15.11	<u>9,320</u>
Balance, December 31, 2019	<u><u>\$ 15,098</u></u>

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

Balance, December 31, 2018	\$ 259
Increased by:	
Unemployment Claims Due to State of New Jersey	<u>18,035</u>
	18,294
Decreased by:	
Payments to State of New Jersey	<u>12,341</u>
Balance, December 31, 2019	<u>\$ 5,953</u>

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

Balance, December 31, 2018	\$ 139,979
Increased by:	
Employee Payroll Deductions	<u>13,450</u>
	153,429
Decreased by:	
Benefits Due State of New Jersey	<u>18,035</u>
Balance, December 31, 2019	<u>\$ 135,394</u>

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

Increased by:	
Interest on Deposits	\$ 1,568
Decreased by:	
Payments to Current Fund	<u>1,568</u>
Balance, December 31, 2019	<u>\$ -</u>

BOROUGH OF OAKLAND
STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2018	\$ -
Increased by:	
Payments to Current Fund	\$ 22,508
Trust Receipts Deposited in Current Fund	<u>12,000</u>
	34,508
	34,508
Decreased by:	
Interest on Investments	<u>22,508</u>
Balance, December 31, 2019	<u>\$ 12,000</u>

EXHIBIT B-11

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

	Balance, December 31, 2018	Increases	Decreases	Adjustments	Balance December 31, 2019
Planning Board Escrow	\$ 230,262	\$ 67,670	\$ 91,820		\$ 206,112
Board of Adjustment Escrow	135,699	95,950	105,995		125,654
Other Trust Fund Reserves	1,918,158	329,670	1,108,807	\$(1,139,021)	-
Soil Movement				15,387	15,387
Performance Bonds				427,733	427,733
Escrow Funds				77,623	77,623
Public Events				92,440	92,440
Board of Health - Marriage License				2,680	2,680
Communications				48,317	48,317
Recycling Containers				2,986	2,986
Municipal Alliance				19,892	19,892
Shade Tree				12,785	12,785
Public Events - Banner Program				2,734	2,734
Recreation				125,200	125,200
Municipal Court - POAA				253	253
Public Defender				2,662	2,662
Storm Recovery				247,482	247,482
Off Duty Police Officer				52,662	52,662
Found Money				1,943	1,943
Junior Police Academy				6,195	6,195
Active Shooter Program				47	47
Municipal Court Ticket Refunds	105	-	-		105
Sanitary Landfill	2,121	148	99		2,170
Redemption of Liens	654,977	739,351	568,870		825,458
Accumulated Absences	-	828,022	480,706		347,316
Flexible Spending	35,994	11,874	11,209		36,659
COAH	<u>689,390</u>	<u>19,000</u>	<u>1,499</u>	<u>-</u>	<u>706,891</u>
	<u>\$ 3,666,706</u>	<u>\$ 2,091,685</u>	<u>\$ 2,369,005</u>	<u>\$ -</u>	<u>\$ 3,389,386</u>
Cash Receipts		\$ 2,079,685			
Due from Current Fund		12,000			
Cash Disbursements		<u>-</u>	<u>\$ 2,369,005</u>		
		<u>\$ 2,091,685</u>	<u>\$ 2,369,005</u>		

EXHIBIT B-12

STATEMENT OF RESERVE FOR HEALTH BENEFIT CLAIMS
OTHER TRUST FUND

Balance, December 31, 2018	\$ 3,909,908
Increased by:	
Cash Receipts	<u>990,406</u>
	4,900,314
Decreased by:	
Cash Disbursements	<u>151,156</u>
Balance, December 31, 2019	<u>\$ 4,749,158</u>

BOROUGH OF OAKLAND
STATEMENT OF RESERVE FOR PAYROLL DEDUCTIONS AND WITHHOLDINGS
OTHER TRUST FUND

Balance, December 31, 2018	\$ 94,066
Increased by:	
Cash Receipts	<u>14,234,640</u>
	14,328,706
Decreased by:	
Cash Disbursements	<u>14,276,048</u>
Balance, December 31, 2019	<u>\$ 52,658</u>

EXHIBIT B-14

STATEMENT OF DUE FROM CURRENT FUND
MUNICIPAL OPEN SPACE TRUST FUND

Balance, December 31, 2018	\$ 830
Increased by:	
2019 Tax Levy	\$ 217,671
2019 Added Tax Levy	188
Payments to Current Fund	<u>200,000</u>
	417,859
	418,689
Decreased by:	
Cash Receipts	218,501
Anticipated as Current Fund Revenue	<u>200,000</u>
	418,501
Balance, December 31, 2019	<u>\$ 188</u>

EXHIBIT B-15

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

Balance, December 31, 2018	\$ 765,337
Increased by:	
2019 Tax Levy	\$ 217,671
2019 Added Tax Levy	188
Interest on Investments and Deposits	<u>6,516</u>
	224,375
	989,712
Decreased by:	
Anticipated as Current Fund Revenue	200,000
Expenditures	<u>22,343</u>
	222,343
Balance, December 31, 2019	<u>\$ 767,369</u>

GENERAL CAPITAL FUND

BOROUGH OF OAKLAND
STATEMENT OF GENERAL CAPITAL CASH

Balance, December 31, 2018		\$ 5,020,040
Increased by:		
Interest on Investments and Deposits	\$ 39,203	
Proceeds from Bond Anticipation Notes	3,000,000	
Grants Receivable	193,000	
Deferred Charges to Future Taxation - Unfunded	30,305	
Premium on Sale of Bond Anticipation Notes	60,069	
Reserve for Payment of Debt	47,282	
Capital Improvement Fund	<u>900,000</u>	
		<u>4,269,859</u>
		9,289,899
Decreased by Disbursements:		
Improvement Authorizations	2,738,603	
Accounts Payable	2,977,416	
Preliminary Expenses	52,760	
Payments to Current Fund	<u>74,203</u>	
		<u>5,842,982</u>
Balance, December 31, 2019		<u>\$ 3,446,917</u>

BOROUGH OF OAKLAND
ANALYSIS OF GENERAL CAPITAL CASH

	Balance, December 31, <u>2019</u>
Fund Balance	\$ 449,636
Capital Improvement Fund	416,652
Reserve for Preliminary Costs	9,000
Reserve for Ladder Truck	1,000,000
Grants Receivable	(4,212,395)
Accounts Payable	2,095,006
Reserve for Payment of Debt Service	1,414,331
Excess Note Proceeds	177,203

Improvement Authorizations:

Ord. <u>No.</u>	<u>Improvement Description</u>	
09-607	Acquisition of Real Property	\$ 48,586
13-690	Recreation Improvements	235,620
14-704	Various Public Improvements	493,184
15-717	Various Public Improvements	25,000
15-718	Various Public Improvements	292,271
16-741	Various Public Improvements	31,508
16-742	Various Public Improvements	110,684
16-743	Various Public Improvements	936,237
17-749	Renovation of the Oakland Public Library	1,361
17-760	Various Public Improvements and Acquisitions	35,544
17-761	Various Public Improvements and Acquisition of New Communication Equipment	(597,578)
18-770	Various Public Improvements and Acquisitions	78,673
18-771	Various Public Improvements	(146,377)
19-786/19-798	Various Public Improvements and Acquisitions	179,512
19-787	Various Public Improvements	862,595
19-789/19-793	Allerman Brook	(489,336)
		<u>\$ 3,446,917</u>

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

Increased by:

Interest on Investments	\$	39,203
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Decreased by:

Payments to Current Fund		<u>39,203</u>
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Balance, December 31, 2019

	\$	<u><u>-</u></u>
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STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2018	\$	11,691,000
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Decreased by:

2019 Budget Appropriation		
Bond Principal		<u>990,000</u>

Balance, December 31, 2019

	\$	<u><u>10,701,000</u></u>
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BOROUGH OF OAKLAND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, December 31, 2018	2019 Authorizations	Notes Paid by Budget Appropriation	Grant Proceeds	Cancelled	Balance, December 31, 2019	Analysis of Balance		
								Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
15-718	Various Public Improvements	\$ 1,222,797		300,000			\$ 922,797	\$ 922,797		
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	1,000,000	\$ 597,578	\$ 957,922
18-771	Various Public Improvements	2,845,250		-	\$ 30,305	13,628	2,801,317	1,000,000	146,377	1,654,940
19-787	Various Public Improvements		\$ 2,099,475				2,099,475	1,000,000		1,099,475
19-789/19-793	Allerman Brook	-	518,000	-	-	-	518,000	-	489,336	28,664
		<u>\$ 10,474,547</u>	<u>\$ 2,617,475</u>	<u>\$ 300,000</u>	<u>\$ 30,305</u>	<u>\$ 13,628</u>	<u>\$ 12,748,089</u>	<u>\$ 7,773,797</u>	<u>\$ 1,233,291</u>	<u>\$ 3,741,001</u>
Bond Anticipation Notes								\$ 7,951,000		
Less: Excess Note Proceeds Ord. 15-718								177,203		
								<u>\$ 7,773,797</u>		
Improvement Authorizations - Unfunded										\$ 5,833,465
Less: Unexpended Proceeds of Bond Anticipation Notes:										
Ord. 15-718									\$ 292,271	
Ord. 16-743									936,237	
Ord. 17-749									1,361	
Ord. 19-787									862,595	
									<u>2,092,464</u>	
										<u>\$ 3,741,001</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, 2019</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2018</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds	12/29/2006	\$ 1,096,000	12/1/2020	\$ 95,000	4.00 %			
			12/1/2021	96,000	4.00	\$ 281,000	\$ 90,000	\$ 191,000
General Improvement Bonds	5/15/2015	14,235,000	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			
						<u>11,410,000</u>	<u>900,000</u>	<u>10,510,000</u>
						<u>\$ 11,691,000</u>	<u>\$ 990,000</u>	<u>\$ 10,701,000</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 2018	Increased	Decreased	Balance, December 31, 2019
15-718	Various Improvements	12/15/2017	12/14/2018	12/13/2019	3.25	% \$	1,400,000		\$ 1,400,000	
			12/13/2019	12/13/2020	2.00			\$ 1,100,000		\$ 1,100,000
16-743	Van Allen House Improvements	12/15/2017	12/14/2018	12/13/2019	3.25		2,298,000		2,298,000	
			12/13/2019	12/13/2020	2.00		-	2,298,000	-	2,298,000
17-749	Renovation of the Oakland Public Library	12/15/2017	12/14/2018	12/13/2019	3.25		1,553,000		1,553,000	
			12/13/2019	12/13/2020	2.00		-	1,553,000	-	1,553,000
17-761	Various Public Improvements and Acquisition of New Communication Equipment	12/13/2019	12/13/2019	12/13/2020	2.00			1,000,000		1,000,000
18-771	Various Public Improvements	12/13/2019	12/13/2019	12/13/2020	2.00			1,000,000		1,000,000
19-787	Various Public Improvements	12/13/2019	12/13/2019	12/13/2020	2.00		-	1,000,000	-	1,000,000
							<u>\$ 5,251,000</u>	<u>\$ 7,951,000</u>	<u>\$ 5,251,000</u>	<u>\$ 7,951,000</u>
					Notes Issued			\$ 3,000,000		
					Notes Renewed			4,951,000	\$ 4,951,000	
					Paid by Budget Appropriation			-	300,000	
								<u>\$ 7,951,000</u>	<u>\$ 5,251,000</u>	

BOROUGH OF OAKLAND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2019 Authorizations									
		Balance, December 31, 2018		Capital Impvt. Fund	Deferred Charges to Future Taxation Unfunded	Grants Receivable	Accounts Payable Restored	Cancelled	Paid or Charged	Balance, December 31, 2019	
		Funded	Unfunded							Funded	Unfunded
07-561	Various Public Improvements	\$ 94,565					\$ 9,304	\$ 103,869			
09-607	Acquisition of Real Property	46,274					2,312			\$ 48,586	
12-663	New DPW Building						7,000	7,000			
12-670	Various Public Improvements	22,080							\$ 22,080		
12-671	Purchase of Capital Equipment	3						3			
13-690	Recreation Improvements	237,218						132	1,466	235,620	
14-704	Various Public Improvements	499,178						1,918	4,076	493,184	
14-705	Acquisition & Demolition of Flood Prone Properties	413,223						235,083	178,140	-	
15-717	Various Public Improvements	57,000						32,000		25,000	
15-718	Various Public Improvements		\$ 252,502				39,769				\$ 292,271
16-741	Various Public Improvements	33,913							2,405	31,508	
16-742	Various Public Improvements	113,690						363	2,643	110,684	
16-743	Various Public Improvements		2,184,680						1,248,443		936,237
16-748/19-795	Van Allen House Improvements	166,220		\$ 73,218					239,438	-	
17-749	Renovation of the Oakland Public Library		2,347						986		1,361
17-760	Various Public Improvements and Acquisitions	96,989						7,000	54,445	35,544	
17-761	Various Public Improvements and Acquisition of New Communication Equipment		1,174,157						216,235		957,922
18-770	Various Public Improvements and Acquisitions	309,439						29,175	201,591	78,673	
18-771	Various Public Improvements	-	2,479,725					13,628	811,157	-	1,654,940
19-786/19-798	Various Public Improvements and Acquisitions			895,250					715,738	179,512	
19-787	Various Public Improvements			139,025	\$ 2,099,475	\$ 542,000			818,430		1,962,070
19-789/19-793	Alleman Brook	-	-	27,000	518,000	-	-	-	516,336	-	28,664
		<u>\$ 2,089,792</u>	<u>\$ 6,093,411</u>	<u>\$ 1,134,493</u>	<u>\$ 2,617,475</u>	<u>\$ 542,000</u>	<u>\$ 58,385</u>	<u>\$ 430,171</u>	<u>\$ 5,033,609</u>	<u>\$ 1,238,311</u>	<u>\$ 5,833,465</u>
				Capital Improvement Fund				\$ 68,541			
				Grants Receivable				15,082			
				Deferred Charges to Future Taxation - Unfunded				13,628			
				Fund Balance				<u>332,920</u>			
								<u>430,171</u>			
						Cash Disbursed		\$ 2,738,603			
						Reserve for Ladder Truck		200,000			
						Accounts Payable		<u>2,095,006</u>			
								<u>\$ 5,033,609</u>			

**BOROUGH OF OAKLAND
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2018		\$ 3,035,801
Increased by:		
Charges to Improvement Authorizations		<u>2,095,006</u>
		5,130,807
Decreased by:		
Accounts Payable Restored to Improvement Authorizations	\$ 58,385	
Cash Disbursements	<u>2,977,416</u>	
		<u>3,035,801</u>
Balance, December 31, 2019		<u>\$ 2,095,006</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE

Balance, December 31, 2018		\$ 1,367,049
Increased by:		
Cash Receipts		<u>47,282</u>
Balance, December 31, 2019		<u>\$ 1,414,331</u>

STATEMENT OF RESERVE FOR LADDER TRUCK

Balance, December 31, 2018		\$ 800,000
Increased by:		
Charges to Improvement Authorization		<u>200,000</u>
Balance, December 31, 2019		<u>\$ 1,000,000</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2018		\$ 635,361
Increased by:		
Cancelled Improvement Authorizations	\$ 68,541	
Prior Year Adjustment	3	
2019 Budget Appropriation	<u>900,000</u>	
		<u>968,544</u>
		1,603,905
Decreased by:		
Preliminary Expenses	52,760	
Appropriation to Finance Improvement Authorizations	<u>1,134,493</u>	
		<u>1,187,253</u>
Balance, December 31, 2019		<u>\$ 416,652</u>

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

Ord. <u>No.</u>		Balance, December 31, <u>2018</u>	2019 Authori- zations <u>zations</u>	Grant Receipts <u>Receipts</u>	Notes Issued <u>Issued</u>	Cancelled <u>Cancelled</u>	Balance, December 31, <u>2019</u>
17-761	Various Public Improvements and Acquisition of New Communication Equipment	\$ 2,555,500		-	\$ 1,000,000		\$ 1,555,500
18-771	Various Public Improvements	2,845,250		\$ 30,305	1,000,000	\$ 13,628	1,801,317
19-787	Various Public Improvements		\$ 2,099,475		1,000,000		1,099,475
19-789/19-793	Allerman Brook	-	518,000	-	-	-	518,000
		<u>\$ 5,400,750</u>	<u>\$ 2,617,475</u>	<u>\$ 30,305</u>	<u>\$ 3,000,000</u>	<u>\$ 13,628</u>	<u>\$ 4,974,292</u>

WATER UTILITY FUND

BOROUGH OF OAKLAND
STATEMENT OF WATER UTILITY CASH

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2018	\$ 2,107,046	\$ 1,494,839
Increased by:		
Consumer Accounts Receivable	\$ 1,840,594	
Interest on Deposits		15,181
Miscellaneous	30,010	
Budget Appropriation - Capital Improvement Fund		300,431
Receipts from Water Utility Capital Fund	<u>15,181</u>	<u>-</u>
	<u>1,885,785</u>	<u>315,612</u>
	3,992,831	1,810,451
Decreased by:		
2019 Budget Appropriations	1,868,800	
2018 Appropriation Reserves	114,344	
Refund of Prior Year Revenue	265	
Improvement Authorizations		40,897
Interest on Bonds	42,468	
Payments to Water Utility Operating Fund	<u>-</u>	<u>15,181</u>
	<u>2,025,877</u>	<u>56,078</u>
Balance, December 31, 2019	<u>\$ 1,966,954</u>	<u>\$ 1,754,373</u>

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

	Balance, December 31, <u>2019</u>
Fund Balance	\$ 314,158
Capital Improvement Fund	1,484,245
Accounts Payable	75,879
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>98,178</u>
	 <u>\$ 1,754,373</u>

EXHIBIT D-7

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

Balance, December 31, 2018	\$ 182,983
Increased by:	
Water Rents Levied	<u>1,832,129</u>
	2,015,112
Decreased by:	
Cash Receipts	<u>1,840,594</u>
Balance, December 31, 2019	<u>\$ 174,518</u>

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

Balance, December 31, 2018	\$ 9,954
Increased By:	
Charges to Improvement Authorizations	<u>75,879</u>
	85,833
Decreased by:	
Payables Restored to Improvement Authorizations	<u>9,954</u>
Balance, December 31, 2019	<u>\$ 75,879</u>

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

Balance, December 31, 2018	\$ 13,276,932
Increased by:	
Capital Outlay Charges in Water Operating Budget	\$ 98,550
Transfer from Fixed Capital Authorized and Uncompleted	<u>438,414</u>
	<u>536,964</u>
Balance, December 31, 2019	<u>\$ 13,813,896</u>

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

Balance, December 31, 2018	<u>\$ 260,000</u>
Balance, December 31, 2019	<u>\$ 260,000</u>

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

Balance, December 31, 2018	\$ 734,142
Balance, December 31, 2019	<u>\$ 734,142</u>

EXHIBIT D-12

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

Ord. No.	Improvement Description	Balance, December 31, 2018	Prior Year Adjustment	Improvement Authorizations Cancelled	Balance, December 31, 2019
18-774	Prior Year Unallocated Various Water System Upgrades	\$ 479,246 <u>205,000</u>	\$ 438,414 <u>-</u>	\$ 40,832 <u>-</u>	\$ 205,000 <u>205,000</u>
		<u>\$ 684,246</u>	<u>\$ 438,414</u>	<u>\$ 40,832</u>	<u>\$ 205,000</u>

EXHIBIT D-13

**STATEMENT OF APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, December 31, 2018	Budget After Modifications	Expended	Balance Lapsed
Operating				
Salaries and Wages	\$ 16,015	\$ 16,015	\$ 2,168	13,847
Other Expenses	4,369	114,203	109,528	4,675
Utilities	40,197	40,218	15,050	25,168
Capital Improvements				
Capital Outlay	25,916	26,290		26,290
Statutory Expenditures				
Public Employees Retirement System	600	600		600
Social Security	<u>473</u>	<u>473</u>	<u>-</u>	<u>473</u>
	<u>\$ 87,570</u>	<u>\$ 197,799</u>	<u>\$ 126,746</u>	<u>\$ 71,053</u>
Appropriation Reserves		\$ 87,570		
Payables Restored		<u>110,229</u>		
		<u>\$ 197,799</u>		
Cash Disbursed			\$ 114,344	
Accounts Payable			<u>12,402</u>	
			<u>\$ 126,746</u>	

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

Balance, December 31, 2018	\$ 110,229
Increased by:	
Charges to 2019 Appropriations	\$ 39,564
Charges to Appropriation Reserves	<u>12,402</u>
	<u>51,966</u>
	162,195
Decreased by:	
Payables Restored to Appropriation Reserves	<u>110,229</u>
Balance, December 31, 2019	<u>\$ 51,966</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2018		Prior Year Accounts Payable	Paid or	Improvement Authorizations	Balance December 31, 2019
		<u>Funded</u>	<u>Unfunded</u>	<u>Restored</u>	<u>Charged</u>	<u>Cancelled</u>	<u>Funded</u>
06-539	Various Capital Improvements		\$ 362			\$ 362	
07-563	Lawlor/Walnut Water Mains		40,470			40,470	
11-637	Various Water Improvements	\$ 104,851		\$ 9,954	\$ 9,954	-	\$ 104,851
18-774	Various Water System Upgrades	<u>205,000</u>	-	-	<u>106,822</u>	-	<u>98,178</u>
		<u>\$ 309,851</u>	<u>\$ 40,832</u>	<u>\$ 9,954</u>	<u>\$ 116,776</u>	<u>\$ 40,832</u>	<u>\$ 203,029</u>
					Cash Disbursements	\$ 40,897	
					Accounts Payable	<u>75,879</u>	
						<u>\$ 116,776</u>	

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

Balance, December 31, 2018	\$ 1,183,814
Increased by:	
Budget Appropriation	<u>300,431</u>
Balance, December 31, 2019	<u>\$ 1,484,245</u>

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

Increased by:	
Interest on Deposits	\$ 15,181
Decreased by:	
Payments to Water Utility Operating Fund	<u>15,181</u>
Balance, December 31, 2019	<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>December 31, 2019</u>	<u>Outstanding</u>			<u>December 31,</u>	<u>Decreased</u>	<u>December 31,</u>
			<u>Date</u>	<u>Amount</u>			<u>2018</u>		<u>2019</u>
Water Bonds	6/1/2015	\$ 1,995,000	12/1/2020	\$ 130,000	2.500	%			
			12/1/2021-28	135,000	3.000				
			12/1/2029	135,000	3.125		\$ 1,475,000	\$ 130,000	\$ 1,345,000
							<u>\$ 1,475,000</u>	<u>\$ 130,000</u>	<u>\$ 1,345,000</u>

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

Balance, December 31, 2018	\$ 3,540
Increased by:	
Budget Appropriation	
Interest on Bonds	<u>42,251</u>
	45,791
Decreased by:	
Interest Paid	<u>42,468</u>
Balance, December 31, 2019	<u>\$ 3,323</u>

EXHIBIT D-20

STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

Balance, December 31, 2018	\$ 11,333,841
Increased by:	
Capital Outlay	98,550
Serial Bonds Retired	<u>130,000</u>
	<u>228,550</u>
Balance, December 31, 2019	<u>\$ 11,562,391</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, 2018	Cancelled	Balance December 31, 2019
06-539	Various Water Improvements	\$ 47,695	\$ 362	\$ 47,333
07-563	Lawlor/Walnut Water Mains	<u>370,500</u>	<u>40,470</u>	<u>330,030</u>
		<u>\$ 418,195</u>	<u>\$ 40,832</u>	<u>\$ 377,363</u>

SEWER UTILITY FUND

**BOROUGH OF OAKLAND
STATEMENT OF SEWER UTILITY CASH**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2018	\$ 539,028	\$ 193,868
Increased by Receipts:		
Interest on Investments and Deposits		\$ 1,104
Sewer Rents	\$ 418,065	
Non-Budget Revenue	7,018	
Capital Improvement Fund		20,400
Bond Anticipation Notes		300,000
Receipts from Sewer Utility Capital Fund	<u>1,104</u>	<u>-</u>
	<u>426,187</u>	<u>321,504</u>
	965,215	515,372
Decreased by Disbursements:		
2019 Budget Appropriations	355,375	
2018 Appropriation Reserves	102,194	
Improvement Authorizations		163,902
Reserve for Preliminary Expenses		16,999
Interest on Bonds	4,419	
Payments to Sewer Utility Operating Fund	<u>-</u>	<u>1,104</u>
	<u>461,988</u>	<u>182,005</u>
Balance, December 31, 2019	<u>\$ 503,227</u>	<u>\$ 333,367</u>

**BOROUGH OF OAKLAND
ANALYSIS OF SEWER UTILITY CAPITAL CASH
AS OF DECEMBER 31, 2019**

Fund Balance	\$ 9,308
Capital Improvement Fund	175,273
Encumbrances Payable	96,569
Reserve for Payment of Debt	60,000
Reserve for Preliminary Expenses	3,001

Ord.

No. Improvement Description

08-575	Various Public Improvements	1,746
08-584	Various Public Improvements	7,582
11-638	Various Public Improvements	(59,641)
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>39,529</u>
		<u>\$ 333,367</u>

EXHIBIT E-7

STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2018	\$ 93,844
Increased by:	
Sewer Rents Levied	<u>418,488</u>
	512,332
Decreased by:	
Cash Received	<u>418,065</u>
Balance, December 31, 2019	<u>\$ 94,267</u>

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

Increased by:	
Interest Earned	\$ 1,104
Decreased by:	
Receipts from Sewer Utility Capital Fund	<u>1,104</u>
Balance, December 31, 2019	<u>\$ -</u>

STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY CAPITAL FUND

Balance, December 31, 2018	\$ 63
Increased by:	
Charges to Improvement Authorizations	<u>96,569</u>
	96,632
Decreased by:	
Cancelled and Restored to Improvement Authorizations	<u>63</u>
Balance, December 31, 2019	<u>\$ 96,569</u>

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

	Balance December 31, <u>2018</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 118	\$ 118		\$ 118
Other Expenses	13,932	110,167	\$ 100,120	10,047
Utilities	5,986	5,986	2,074	3,912
Statutory Expenditures				
Social Security System	<u>174</u>	<u>174</u>	<u>-</u>	<u>174</u>
	<u>\$ 20,210</u>	<u>\$ 116,445</u>	<u>\$ 102,194</u>	<u>\$ 14,251</u>
Appropriation Reserves		\$ 20,210		
Payables Restored		<u>96,235</u>		
		<u>\$ 116,445</u>		

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

Balance, December 31, 2018	\$ 96,235
Increased by:	
Charges to 2019 Appropriations	<u>180,731</u>
	276,966
Decreased by:	
Cancelled Payables Restored to Appropriation Reserves	<u>96,235</u>
Balance, December 31, 2019	<u>\$ 180,731</u>

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

Balance, December 31, 2018	\$ 79,000
Balance, December 31, 2019	<u>\$ 79,000</u>

STATEMENT OF ACCRUED INTEREST ON BONDS
SEWER UTILITY OPERATING FUND

Balance, December 31, 2018	\$ 408
Increased by:	
Budget Appropriation	
Interest on Bonds	<u>4,875</u>
	5,283
Decreased by:	
Interest Paid on Sewer Bonds	<u>4,419</u>
Balance, December 31, 2019	<u>\$ 864</u>

STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION
SEWER UTILITY CAPITAL FUND

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2018</u>	<u>Cancellation</u>	Balance, December 31, <u>2019</u>
08-575	Various Public Improvements	\$ 32,000	\$ 5,843	\$ 26,157
08-584	Various Public Improvements	<u>10,000</u>	<u>-</u>	<u>10,000</u>
		<u>\$ 42,000</u>	<u>\$ 5,843</u>	<u>\$ 36,157</u>

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

Balance, December 31, 2018	\$ 134,100
Increased by:	
Serial Bonds Retired	<u>15,000</u>
Balance, December 31, 2019	<u>\$ 149,100</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>2018</u>	<u>Cancellation</u>	Balance, December 31, <u>2019</u>
08-575	Various Public Improvements	\$ 32,000	\$ 5,843	\$ 26,157
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>300,000</u>	<u>-</u>	<u>300,000</u>
		<u>\$ 934,760</u>	<u>\$ 5,843</u>	<u>\$ 928,917</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 Outstanding December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2018</u>		<u>Balance, December 31, 2019</u>	
			<u>Date</u>	<u>Amount</u>			<u>Increased</u>		
Sewer Bonds	6/1/2015	\$ 230,000	12/1/2020	\$ 15,000	2.500	%			
			12/1/2021-28	15,000	3.000				
			12/1/2029	20,000	3.125				
							\$ 170,000	\$ -	\$ 155,000
							\$ 170,000	\$ -	\$ 155,000

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2018</u>		<u>Prior Year Encumbrances Cancelled</u>	<u>Paid or Charged</u>	<u>Cancelled</u>	<u>Balance, December 31, 2019</u>	
		<u>Funded</u>	<u>Unfunded</u>				<u>Funded</u>	<u>Unfunded</u>
08-575	Various Sewer Improvements	\$ 7,589				\$ 5,843	\$ 1,746	
08-584	Various Sewer Improvements	7,582					7,582	
11-638	Various Sewer Improvements	-	\$ 533,056	\$ 63				\$ 533,119
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	-	\$ 260,471	-	-	39,529
		\$ 15,171	\$ 833,056	\$ 63	\$ 260,471	\$ 5,843	\$ 9,328	\$ 572,648
	Cash Disbursements				\$ 163,902			
	Encumbrances Payable				96,569			
					\$ 260,471			

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

Balance, December 31, 2018	\$ 174,873
Increased by:	
Budget Appropriation	<u>20,400</u>
	195,273
Decreased by:	
Appropriated to Fund Preliminary Expenses	<u>20,000</u>
Balance, December 31, 2019	<u>\$ 175,273</u>

**STATEMENT OF RESERVE FOR PRELIMINARY EXPENSES
SEWER UTILITY CAPITAL FUND**

Increased by:	
Transfer from Capital Improvement Fund	\$ 20,000
Decreased by:	
Cash Disbursements	<u>16,999</u>
Balance, December 31, 2019	<u>\$ 3,001</u>

BOROUGH OF OAKLAND
STATEMENT OF BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Date of</u> <u>Original</u> <u>Note</u>	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance,</u> <u>December</u> <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance,</u> <u>December 31,</u> <u>2019</u>
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	12/13/2019	12/13/2019	12/13/2020	2.00 %		\$ 300,000		\$ 300,000
						-	-	-	-
						\$ -	\$ 300,000	\$ -	\$ 300,000

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

<u>Ord.</u>	<u>Improvement Description</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>	<u>Notes</u> <u>Issued</u>	<u>Balance,</u> <u>December 31,</u> <u>2019</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	300,000	\$ 300,000	-
		\$ 892,760	\$ 300,000	\$ 592,760

BOROUGH OF OAKLAND

BERGEN COUNTY

PART II

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER R. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Oakland as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2020. 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.

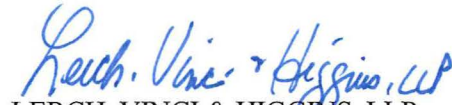
Compliance and Other Matters


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
September 30, 2020

BOROUGH OF OAKLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Grant <u>Year</u>	Federal CFDA <u>Number</u>	Award <u>Amount</u>	2019 Grant <u>Receipts</u>	Balance, December 31, <u>2018</u>	Revenue <u>Realized</u>	<u>Expenditures</u>	Balance, December 31, <u>2019</u>	(Memo Only) Cumulative <u>Expenditures</u>
U.S. Department of Environmental Protection									
Passed Thru the State of New Jersey Department of Environmental Protection									
Ord. No. 14-705 Acquisition of Flood Prone Properties	2014		\$ 325,000		\$ (325,000)			\$ (325,000)	\$ 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		-	149,000
Community Development Block Grant:									
Purchase of Emergency Generators - Senior Center	2019		119,316	\$ 119,316		119,316		119,316	-
Purchase of First Aid Vehicle	2019		117,704	117,704		117,704		117,704	-
U.S. Department of Homeland Security									
Passed Thru the State of New Jersey Division of Law and Public Safety									
FEMA -Hazard Mitigation Grant	Prior Year	97.039	75,000	75,000		75,000	75,000		75,000
FEMA - Public Assistance Grants	Prior Year	97.036	76,201	76,201		76,201	76,201		76,201
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>\$ 499,971</u>	<u>\$ 151,201</u>	<u>\$ (79,972)</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, 2019

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2019 Grant Receipts (Memo)</u>	<u>Balance, December 31, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2019</u>	<u>(Memo Only) Cumulative Expenditures</u>
<u>State of New Jersey - Department of Environmental Protection</u>										
Clean Communities Grant	042-4900-765-1789000	2019	\$ 26,129		-	\$ 26,129	\$ 286		\$ 25,843	\$ 286
		2017	27,000		\$ 27,000		28,503	\$ 1,503	-	27,000
		2016	59,574		6,789		6,789		-	59,574
Highlands - Plan Conformance	NA	2015	230,150		(230,150)				(230,150)	230,150
		2015	230,150		210,218				210,218	19,932
		2009	50,000		(19,207)				(19,207)	50,000
Community Forestry Grant	NA	2018	3,000	\$ 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		18,491		8,843	18,491
		2017	23,545		3,837		3,837		-	23,545
Sustainable Jersey Grant	NA	2019	2,000			2,000	1,011		989	1,011
Roots for Rivers	NA	2019	4,672	\$ 4,552		4,672	4,553		119	4,553
Land Conservance Grant: Ord. No. 14-705 Acquisition of Flood Prone Properties	NA	2014	200,000	81,250	(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	2019	4,017		-	4,017			4,017	-
		2018	6,195		6,195		5,672		523	5,672
		2017	2,428		2,428		2,428		-	2,428
		2016	2,440		1,744		1,744		-	2,440
Drunk Driving Enforcement Fund	1110-448031020-22	2019	2,776		-	2,776			2,776	-
		2017	1,369		1,369				1,369	-
		2016	9,752	4,028	9,752		1,337		8,415	1,337
		2014	9,863		3,983		3,983		-	9,863
Alcohol Education and Rehabilitation Fund	9735-760-060000-60	2019	322	322	-	322			322	-
		2018	366		366				366	-
		2016	236		236				236	-
		2014	1,425		1,425		164		1,261	164
		2013	1,187		736		736		-	1,187
<u>State of New Jersey - Association of Environmental Commissions</u>										
ANJEC Sustainable Communities Land Use Grant	NA	2012	8,000	6,000	(8,000)			6,000	(2,000)	10,000
<u>State of New Jersey - Department of Human Services</u>										
Passed Thru County of Bergen										
Municipal Alliance on Alcoholism and Drug Abuse	N/A	2019	9,876	7,790	-	9,876			9,876	-
		2018	9,876	1,550	9,876		5,798		4,078	4,078
Municipal Alliance on Alcoholism and Drug Abuse	N/A	2017	9,876		5,249		5,249		-	9,876
					<u>\$ (140,644)</u>	<u>\$ 249,792</u>	<u>\$ 90,581</u>	<u>\$ 7,503</u>	<u>\$ 26,070</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, 2019

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	\$ 237,020	\$ 49,792	\$ 286,812
General Capital Fund	<u>262,951</u>	<u>200,000</u>	<u>462,951</u>
Total Financial Awards	<u>\$ 499,971</u>	<u>\$ 249,792</u>	<u>\$ 749,763</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, 2019**

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 reported
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, 2019**

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, 2019**

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, 2019

**BOROUGH OF OAKLAND
SUPPORTING DATA**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$2.894</u>	<u>\$2.833</u>	<u>2.796</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.649	.638	.639
Municipal Library	.038	.038	.037
Municipal Open Space Tax	.010	.010	.010
Regional High School	.561	.553	.538
Local School	1.359	1.313	1.294
County (Includes County Open Space Tax)	.277	.281	.278

Assessed Valuation Basis

2019	<u>\$2,176,713,043</u>	
2018	<u>\$2,173,745,600</u>	
2017		<u>\$2,171,692,300</u>

Comparison Of Tax Levies And Current Collections

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$ 63,044,270	\$ 62,883,424	99.74%
2018	61,701,584	61,543,796	99.74%
2017	60,834,575	60,762,716	99.88%

Delinquent Taxes

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

<u>December 31 Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2019	\$ 20,226	\$ 339,958	\$ 360,184	0.57%
2018	18,075	313,407	331,482	0.54%
2017	6,995	296,471	303,466	0.50%

**BOROUGH OF OAKLAND
SUPPORTING DATA**

Property Acquired By Tax Title Lien Foreclosure

No properties have been acquired in 2019 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>
2019	\$1,054,950
2018	1,054,950
2017	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	2019	\$4,339,172	\$1,600,000
	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
Water Utility Operating Fund	2019	\$1,453,330	\$200,000
	2018	1,645,757	265,000
	2017	1,653,931	265,000
	2016	1,569,443	60,000
	2015	1,252,609	50,000
Sewer Utility Operating Fund	2019	\$203,638	\$105,000
	2018	343,200	180,000
	2017	445,910	181,000
	2016	386,769	30,000
	2015	354,178	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>
Linda Schwager	Mayor
John Biale	Councilman
Lewis Levy	Councilman
Pat Pignatelli	Councilman
Russell Talamini	Councilman
Grant Van Eck	Councilman
Robert Knapp	Councilman
Richard Kunze	Administrator
Lisa Duncan	Municipal Clerk
	Assessment Search Officer
David Young	Temporary Chief Financial Officer
	Treasurer
Lidia Leszczynski, Debra Beningo	Tax Collector
	Utility Collector
	Tax Search Officer
Nancy Lightbody	Water/Sewer Account Clerk
Marjorie Angermueller	Payroll Supervisor
Karin Dubowick, Sandra Steele	Registrar of Vital Statistics
Scott Holzhauer	Tax Assessor
Thomas Buonocore, Esq.	Municipal Court Judge
Dawn Baron	Municipal Court Administrator
Andrew M. Cimiluca	Prosecutor
Diane D'Alessandro	Public Defender
Daniel Hagberg, John Wittekind	Construction Code Official
	Fire Official
	Building Sub-Code Official
Bob Cellini, Vincent Pellegrini	Plumbing Sub-Code Official
Christopher Walthour	Electrical Sub-Code Official
Ralph Porrino, John Wittekind	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 that certain Water Operating and Sewer Operating receipts were not deposited in a timely manner. It is recommended that all municipal receipts be deposited in a timely manner.

Our audit noted six instances where the employee attendance records were not in agreement with the amount utilized to calculate the year end compensated absences liability. It is recommended that procedures be implemented to reconcile the employee's attendance records when calculating the year end compensated absences liability.

Prior Year Findings Unresolved

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

As of December 31, 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 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 municipal court revealed that there were several tickets on the "Tickets Assigned But Not Issued" report at December 31, 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:

Restroom Renovation Project at the Oakland Recreation Complex
Demolition of Properties – Roosevelt Boulevard Phase I
Exterior Renovation to Van Allen House Project
Construction of Roller Hockey Rink
Road Program Project

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 6, 2019 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) Dollars of delinquency and 18 percent per annum on any amount in excess of One Thousand Five Hundred (\$1,500) 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) Dollars of delinquency and 18 percent per annum on any amount in excess of One Thousand Five Hundred (\$1,500) 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) 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) Dollars.

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. Prior year general capital grant receivables be reviewed and cleared of record.

**BOROUGH OF OAKLAND
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Purchase orders be encumbered prior to the ordering of goods or services.
- * 2. With respect to the Municipal Court the Tickets Assigned Not Issued that have been outstanding for over six months be recalled.
- * 3. Only valid reconciling items be recorded on the various Borough bank reconciliations.
- * 4. All municipal receipts be deposited in a timely manner.
- 5. Procedures be implemented to reconcile the employee's attendance records when calculating the year end compensated absences liability.

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 (*).