LVH

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

TOWNSHIP OF ROCHELLE PARK

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2018

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TOWNSHIP OF ROCHELLE PARK

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2018

LVH

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Committee
Township of Rochelle Park
Rochelle Park, 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 Township of Rochelle Park, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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 Township of Rochelle Park 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 Township of Rochelle Park as of December 31, 2018 and 2017, or changes in financial position 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 Township's financial statements as of and for the years ended December 31, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Township's Trust Funds, and represent 28 percent and 31 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2018 and 2017.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Rochelle Park as of December 31, 2018 and 2017, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2018 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Rochelle Park 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 Township of Rochelle Park.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2019 on our consideration of the Township of Rochelle Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Rochelle Park'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 Township of Rochelle Park's internal control over financial reporting and compliance.

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

Andrew D. Parente
Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
July 30, 2019

EXHIBIT A

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017

	Reference	2018	2017
ASSETS			
Cash	A-4	$ 4,652,010	$ 5,114,469
Cash - Change Funds	A-5	480	480
Cash - Petty Cash	A	890	903
Grants Receivable	A-6	66,500	157,791
		4,719,880	5,273,643
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-7	235,052	301,916
Revenue Accounts Receivable	A-8	7,990	23,461
Due from Animal Control Fund	B-2	11,763	11,025
Due from Other Trust Fund	B-5	48,748	48,635
		303,553	385,037
Total Assets		$ 5,023,433	$ 5,658,680
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-9	$ 740,444	$ 775,361
Encumbrances Payable	A-10	79,865	78,536
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-11	1,750	500
Reserve for Tax Appeals	A-12	128,790	
Prepaid Taxes	A-13	164,207	545,001
Fees Payable	A-14	7,204	5,023
County Taxes Payable	A-15	2,920	
Local School Taxes Payable	A-16	149,548	138,560
Accounts Payable	A-18	5,250	
Due to Library	A-19	7,289	
Due to General Capital Fund	C-5	283,395	240,000
Miscellaneous Reserves	A-17	890	7,169
Reserve for State and Federal Grants:			
Appropriated	A-20	95,215	189,560
Unappropriated	A-21	46,132	23,245
		1,712,899	2,002,955
Reserve for Receivables	A	303,553	385,037
Fund Balance	A-1	3,006,981	3,270,688
Total Liabilities, Reserves and Fund Balance		$ 5,023,433	$ 5,658,680

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Reference	2018	2017
REVENUE AND OTHER INCOME			
Fund Balance Utilized	A-2	$ 1,000,000	$ 500,000
Miscellaneous Revenues Anticipated	A-2	2,056,426	2,351,456
Receipts from Delinquent Taxes	A-2	304,157	196,929
Receipts from Current Taxes	A-2	22,947,715	22,359,816
Nonbudget Revenues	A-2	222,444	140,210
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-9	438,104	831,516
Statutory Excess - Animal Control Fund	B-2	738	11,025
Interfunds Returned	A-1	-	2,200
Total Income		26,969,584	26,393,152
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	4,752,620	4,543,207
Other Expenses	A-3	5,246,779	4,827,226
Deferred Charges and Statutory Expenditures - Municipal	A-3	951,329	878,669
Capital Improvements	A-3	75,000	75,000
Municipal Debt Service	A-3	1,183,328	1,218,318
Contribution to Local District School	A-3	99,642	97,183
County Taxes Payable	A-15	2,297,545	2,291,535
County Added Taxes	A-15	2,920	1,568
Local District School Taxes	A-16	11,620,407	11,402,862
Refund of Prior Year Revenue	A-1	-	183,689
Prior Year Sr. Cit. and Vets. Deductions Disallowed/Tax Audit	A-11	2,870	750
Interfund and Other Receivable Advances	A	851	59,660
Total Expenditures		26,233,291	25,579,667
Statutory Excess to Fund Balance		736,293	813,485
FUND BALANCE, JANUARY 1	A	3,270,688	2,957,203
		4,006,981	3,770,688
Decreased by:			
Utilized as Anticipated Revenues	A-1,A-2	1,000,000	500,000
FUND BALANCE, DECEMBER 31	A	$ 3,006,981	$ 3,270,688

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Reference	Budget	Special Added by: 40A:4-87	Realized	Excess (Deficit)
FUND BALANCE ANTICIPATED	A-1	$ 1,000,000	-	$ 1,000,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-8	16,350		17,607	$ 1,257
Other	A-8	18,000		16,104	(1,896)
Fees and Permits	A-8	111,000		20,234	(90,766)
Fines and Costs					
Municipal Court	A-8	190,000		153,354	(36,646)
Interest and Costs on Taxes	A-8	37,700		38,096	396
Interest on Investments and Deposits	A-8	39,000		39,005	5
Energy Receipts Taxes	A-8	640,674		640,674	-
Consolidated Municipal Property Tax Relief Aid	A-8	57,843		57,843	-
Uniform Construction Code Fees	A-8	192,000		152,783	(39,217)
Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services					
Uniform Fire Safety Act - State	A-8	13,000		18,244	5,244
Uniform Fire Safety Act - Local	A-8	44,000		50,910	6,910
Cable T.V. Franchise Fee - Cablevision	A-8	51,631		51,631	-
Cable T.V. Franchise Fee Verizon	A-8	36,005		36,005	-
Hotel Fees	A-8	102,000		111,124	9,124
Westfield Corporation	A-8	150,821		156,336	5,515
Cellular Tower Lease - AT&T/Cingular	A-8	27,500		27,500	-
Cellular Tower Lease - Sprint/Nextel	A-8	53,000		56,743	3,743
Cellular Tower Lease - Metro PCS Wireless	A-8	30,000		32,895	2,895
Real Property Rental - 151 W. Passaic Street	A-8	174,000		141,990	(32,010)
Third Party Billing - Ambulance Fees	A-8	50,000		70,265	20,265
Sale of Gasoline - Maywood Boro	A-8	51,000		60,067	9,067
Sale of Gasoline - Saddle Brook Twp	A-8	67,000		88,563	21,563
Sale of Gasoline - Saddle Brook BOE	A-8	15,000	-	18,453	3,453
Total Miscellaneous Revenues	A-1	2,167,524	-	2,056,426	(111,098)
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	266,000	-	304,157	38,157
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes		8,959,909		9,111,512	151,603
Munimum Library Tax		315,331	-	315,331	-
	A-2	9,275,240	-	9,426,843	151,603
Total General Revenues	A-3	$ 12,708,764	$ -	12,787,426	$ 78,662
Nonbudget Revenue	A-1,A-2			222,444	
				$ 13,009,870	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Reference	2018
ANALYSIS OF REALIZED REVENUE		
Allocation of Current Tax Collection		
Revenue from Collections	A-1,A-7	$ 22,980,379
Less: Reserve for Tax Appeals Pending	A-12	32,664
		22,947,715
Less Allocated to School and County Taxes	A-15,A-16	13,920,872
Balance for Support of Municipal Budget Appropriations		9,026,843
Add Appropriation "Reserve for Uncollected Taxes"	A-3	400,000
Amount for Support of Municipal Budget Appropriations	A-2	$ 9,426,843
ANALYSIS OF NON-BUDGET REVENUE		
Insurance Refunds		$ 21,208
Sewer Charges		3,404
Sale of Recyclables		4,532
Street Openings - PSE&G		2,700
Swim Club Lease		4,233
Refunds/Reimbursements		34,426
Administration Fee - Police Outside Duty		59,716
Administrative Fee - Senior Citizen/Veterans		917
Motor Vehicle Fees		450
Miscellaneous		3,950
Sale of Municipal Assets		36,048
County Snow Plowing Reimbursements		7,820
FEMA - Winter Storm		43,040
	A-2, A-4	$ 222,444

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT A-3
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TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	$ 91,800	$ 96,800	$ 93,896	$ 2,904	
Other Expenses	30,000	30,000	23,877	6,123	
Township Committee					
Salaries and Wages	30,500	30,500	28,120	2,380	
Other Expenses	5,000	5,000	2,197	2,803	
Municipal Clerk					
Salaries and Wages	131,840	131,840	126,755	5,085	
Other Expenses	31,500	37,000	34,467	2,533	
Financial Administration					
Salaries and Wages	41,200	41,200	40,216	984	
Other Expenses	40,000	40,000	39,964	36	
Audit Services					
Other Expenses	30,000	58,000	30,924	27,076	
Computerized Data Processing					
Other Expenses	15,000	20,500	18,626	1,874	
Revenue Administration					
Salaries and Wages	75,190	75,190	70,966	4,224	
Other Expenses	7,500	7,500	6,178	1,322	
Tax Assessment Administration					
Salaries and Wages	18,540	18,540	17,388	1,152	
Other Expenses	70,000	70,000	43,712	26,288	
Legal Services					
Salaries and Wages	85,000	90,500	85,795	4,705	
Other Expenses	10,000	10,000	5,021	4,979	
Engineering Services					
Other Expenses	7,500	7,500	2,467	5,033	
LAND AND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	5,000	5,000	4,255	745	
Other Expenses	4,000	4,000	1,739	2,261	
Zoning Board of Adjustment					
Salaries and Wages	5,000	5,000	4,599	401	
Other Expenses	3,000	9,500	6,510	2,990	
INSURANCE					
Liability Insurance	197,400	269,827	257,661	12,166	
Workman's Compensation Insurance	193,600	-			
Employee Group Insurance	1,601,341	1,564,841	1,403,087	161,754	
Unemployment Insurance	10,000	10,000	7,046	2,954	
Other Insurance Premiums	40,000	40,000	32,379	7,621	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,821,250	2,821,250	2,738,948	82,302	
Other Expenses	90,000	90,000	87,708	2,292	
Police Dispatch					
Salaries and Wages	220,000	230,000	220,100	9,900	
School Crossing Guards					
Salaries and Wages	80,000	80,000	78,600	1,400	
Office of Emergency Management					
Salaries and Wages	10,500	10,500	5,520	4,980	
Other Expenses	11,000	11,000	10,916	84	

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS (Cont'd)					
Aid to Volunteer Fire Companies					
Other Expenses	$ 73,000	$ 73,000	$ 72,681	$ 319	
Emergency Medical Services (EMS)					
Salaries and Wages	50,000	50,000	36,553	13,447	
Other Expenses	90,000	90,000	36,740	53,260	
Fire Department					
Salaries and Wages	63,000	63,000	44,770	18,230	
Other Expenses	89,019	89,019	79,657	9,362	
Municipal Prosecutor's Office					
Other Expenses	13,500	8,500	7,222	1,278	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	503,800	503,800	452,510	51,290	
Other Expenses	145,000	145,000	143,751	1,249	
Recycling					
Salaries and Wages	8,000	8,000	7,206	794	
Other Expenses	131,800	131,800	129,623	2,177	
Solid Waste Collection					
Other Expenses	131,016	131,016	127,540	3,476	
Buildings and Grounds					
Other Expenses	125,000	131,500	124,336	7,164	
Vehicle Maintenance					
Other Expenses	115,000	127,000	117,884	9,116	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	6,500	6,500	4,683	1,817	
PARK AND RECREATION FUNCTIONS					
Recreational Services and Programs					
Salaries and Wages	35,000	35,000	9,139	25,861	
Other Expenses	50,000	50,000	30,665	19,335	
EDUCATION FUNCTIONS					
Municipal Library					
Other Expenses	315,969	320,642	320,642	-	
OTHER COMMON OPERATING FUNCTIONS					
Celebrations of Public Events					
Other Expenses	12,000	12,000	10,000	2,000	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	160,000	175,000	164,433	10,567	
Telephone	51,200	51,200	49,274	1,926	
Water	34,000	34,000	25,159	8,841	
Gas (Natural or Propane)	10,800	20,800	11,351	9,449	
Gasoline	170,000	210,000	208,237	1,763	
Accumulated Leave Compensation	200,000	200,000	200,000	-	
LANDFILL/SOLID WASTE DISPOSAL FEES					
Dump Fees	150,000	130,000	108,297	21,703	

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	$ 133,000	$ 138,000	$ 137,435	$ 565	
Other Expenses	20,000	20,000	19,514	486	
UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)					
Uniform Construction Code Enforcement Functions					
Salaries and Wages	112,000	112,000	106,813	5,187	
Other Expenses	7,500	7,500	391	7,109	
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal					
Other Expenses - BCUA Operations and Maintenance	555,827	555,827	555,827		
Other Expenses - BCUA Debt Service	207,224	207,224	207,224	-	-
Total Operations Within "CAPS"	9,781,816	9,758,316	9,079,194	679,122	-
Detail:					
Salaries & Wages	4,727,120	4,752,620	4,514,267	238,353	-
Other Expenses (Including Contingent)	5,054,696	5,005,696	4,564,927	440,769	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
STATUTORY CHARGES					
Public Employees Retirement System	122,889	134,889	134,574	315	
Police and Firemans Retirement System	636,190	636,190	636,190	-	
Social Security System (O.A.S.I.)	180,250	180,250	165,067	15,183	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	939,329	951,329	935,831	15,498	-
Total General Appropriations for Municipal Purposes Within "CAPS"	10,721,145	10,709,645	10,015,025	694,620	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Length of Service Awards Program					
Other Expenses	40,000	40,000	-	40,000	-
Reserve for Tax Appeals	150,000	150,000	150,000	-	-
Total Other Operations Excluded from "CAPS"	190,000	190,000	150,000	40,000	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Paramus BORO - Emergency "911"	2,845	2,845	-	2,845	
County of Bergen - Health Services	34,269	42,769	39,790	2,979	-
Total Interlocal Municipal Service Agreements	37,114	45,614	39,790	5,824	-

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	Appropriated Budget	Appropriated Budget After Modification	Expended Paid or Charged	Expended Reserved	Unexpended Balance Cancelled
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
NJ Municipal Alliance on Alcoholism & Drug Abuse - Local	$ 2,469	$ 5,469	$ 5,469	-	
Total Public and Private Programs Offset by Revenues	2,469	5,469	5,469	-	-
Total Operations Excluded from "CAPS"	229,583	241,083	195,259	$ 45,824	-
Detail:					
Other Expenses (Including Contingent)	229,583	241,083	195,259	45,824	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	75,000	75,000	75,000	-	-
				-	-
Total Capital Improvements - Excluded from "CAPS"	75,000	75,000	75,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Bond Principal	900,000	900,000	900,000		
Bond Interest	138,250	138,250	138,250		
Payment of Notes	55,844	55,844	55,844		
Note Interest (BANs)	89,300	89,300	89,234	-	$ 66
Total Municipal Debt Service - Excluded from "CAPS"	1,183,394	1,183,394	1,183,328	-	66
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Contribution to Local School District	99,642	99,642	99,642	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,587,619	1,599,119	1,553,229	45,824	66
Subtotal General Appropriations	12,308,764	12,308,764	11,568,254	740,444	66
Reserve for Uncollected Taxes	400,000	400,000	400,000	-	-
Total General Appropriations	$ 12,708,764	$ 12,708,764	$ 11,968,254	$ 740,444	$ 66
Reference	A-2		A-1	A,A-1	

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	Reference	Appropriated Budget After Modification	Expended Paid or Charged
Budget as Adopted	A-3	$ 12,708,764	
Cash Disbursements	A-4		$ 11,277,972
Due to General Capital	C-5		55,844
Encumbrances Payable	A-10		78,969
Reserve for Tax Appeals	A-12		150,000
Reserve for Appropriated Grants	A-20		5,469
Reserve for Uncollected Taxes	A-2		400,000
			$ 11,968,254

EXHIBIT B

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017

	Reference	2018	2017
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	$ 18,975	$ 18,494
OTHER TRUST FUND			
Cash	B-1	1,447,993	1,322,265
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	541,377	572,637
Contributions Receivable		20,400	19,650
		561,777	592,287
Total Assets		$ 2,028,745	$ 1,933,046
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-2	$ 11,763	$ 11,025
Due to State	B-4	358	
Reserve for Animal Control Expenditures	B-3	6,854	$ 7,469
		18,975	18,494
OTHER TRUST FUND			
Due to Current Fund	B-5	48,748	48,635
Miscellaneous Reserves and Escrow Deposits	B-6	979,800	840,688
Reserve for COAH	B-7	371,573	420,923
Reserve for Self Insurance	B-8	43,405	11,659
Payroll Deductions Payable	B-9	4,467	360
		1,447,993	1,322,265
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	561,777	592,287
		561,777	592,287
Total Liabilities, Reserves and Fund Balance		$ 2,028,745	$ 1,933,046

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2018 AND 2017

	Reference	2018	2017
ASSETS			
Cash	C-2, C-3	$ 913,986	$ 2,329,180
Grants Receivable	C-4	325,103	49,000
Due from Current Fund	C-5	283,395	240,000
Deferred Charges to Future Taxation			
Funded	C-6	10,645,000	5,950,000
Unfunded	C-7	802,941	5,698,844
Total Assets		$ 12,970,425	$ 14,267,024
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	$ 10,645,000	$ 5,950,000
Bond Anticipation Notes	C-9		5,887,000
Contracts Payable	C-11	699,721	757,529
Improvement Authorizations			
Funded	C-10	561,743	22,418
Unfunded	C-10	498,344	1,132,717
Capital Improvement Fund	C-12	68,252	34,149
Reserve for Improvements/Acquisitions	C-13	240,000	240,000
Fund Balance	C-1	257,365	243,211
Total Liabilities, Reserves and Fund Balance		$ 12,970,425	$ 14,267,024

There were bonds and notes authorized but not issued on December 31, 2018 and 2017 of $802,941 and $0, respectively (Exhibit C-14).

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Reference	2018	2017
Balance, January 1	C	$ 243,211	$ 243,211
Increased by:			
Premium on Serial Bonds Issued	C-2	14,154	-
Balance, December 31	C	$ 257,365	$ 243,211

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2018 AND 2017

	2018	2017 (Restated)
ASSETS		
Land and Land Improvements	$ 2,064,910	$ 2,064,910
Buildings & Building Improvements	4,664,623	4,664,623
Equipment	1,326,980	1,252,664
Vehicles	3,495,573	2,890,463
	$ 11,552,086	$ 10,872,660
FUND BALANCE		
Investment in General Fixed Assets	$ 11,552,086	$ 10,872,660

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Rochelle Park (the "Township") was incorporated in 1871 and operates under a five member Board of Commissioners form of government. The Mayor is selected by the committee members. As the policy making body of the Township, the Township Committee has the power as it deems necessary to promote and maintain the health, safety, welfare and comfort of the Township. A Township Administrator is appointed by the Township Committee and is responsible for the implementation of the policies of the Committee members, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township'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 Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township 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 Township 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 Township of Rochelle Park 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 Township 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Township 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 Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township 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 Township 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 Township 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 Township as collateral.

Length of Service Award 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 Township.

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.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township. The Township'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 Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2017 balances to conform to the December 31, 2018 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Township of Rochelle Park 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.

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. 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 Township. 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 Township 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 Township 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 Township'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).

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 Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Compensated Absences and Terminal Leave - Expenditures relating to obligations for unused vested accumulated vacation and vested terminal 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 and terminal leave. 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 Township has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Township has not received notices or report of losses (i.e. IBNR). Additionally, the Township 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.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Rochelle Park has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of $5,000 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2018 and 2017 the Committee did not increase the original budget. However, the governing body approved several budget transfers during 2018 and 2017.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds and cash in banks as cash.

A. Cash Deposits

The Township'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 Township 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.

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, 2018 and 2017, the book value of the Township's deposits were $7,034,334 and $8,785,791 and bank and brokerage firm balances of the Township's deposits amounted to $6,939,061 and $8,888,322, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

	Bank Balance	
Depository Account	2018	2017
Insured	$ 6,939,061	$ 8,888,322

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 Township does not have a formal policy for custodial credit risk. As of December 31, 2018 and 2017, the Township's bank balances were not exposed to custodial credit risk.

B. Investments

The Township 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 Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, 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 Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

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

	Fair Value (LOSAP - Unaudited	
	2018	2017
Investment:		
Lincoln Financial LOSAP Investment Fund	$ 541,377	$ 572,637

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2018 and 2017, $541,377 and $572,637 of the Township's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP- Unaudited) 2018	2017
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	$ 541,377	$ 572,637

Interest Rate Risk – The Township 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 Township does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, the Township's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

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

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

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Current		
Property Taxes	$235,052	$301,916

In 2018 and 2017, the Township collected $304,157 and $196,929 from delinquent taxes, which represented 100% and 100%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	2018		2017	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	$ 60,511	$ 283,395	$ 59,660	$ 240,000
Trust Fund:				
Animal Control		11,763		11,025
Other Trust		48,748		48,635
General Capital Fund	283,395	-	240,000	-
Total	$ 343,906	$ 343,906	$ 299,660	$ 299,660

The above balances are the result of expenditures being paid by one fund on behalf of another or revenues earned in one fund which are due to another fund.

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

NOTE 6 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2018 and 2017 are as follows:

	Local District School	
	2018	2017
Balance of Tax	$ 4,961,770	$ 4,950,782
Deferred	4,812,222	4,812,222
Taxes Payable	$ 149,548	$ 138,560

NOTE 7 FUND BALANCES APPROPRIATED

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

	2018		2017	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 2,940,481	$ 1,000,000	$ 3,112,897	$ 1,000,000
Non-Cash Surplus	66,500	-	157,791	-
	$ 3,006,981	$ 1,000,000	$ 3,270,688	$ 1,000,000

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2018 and 2017.

2018	Balance December 31, 2017	Increases	Decreases	Balance, December 31, 2018
Land and Land Improvements	$ 2,064,910			$ 2,064,910
Buildings and Building Improvements	4,664,623			4,664,623
Equipment	1,252,664	$ 74,316		1,326,980
Vehicles	2,890,463	702,110	$ 97,000	3,495,573
	$ 10,872,660	$ 776,426	$ 97,000	$ 11,552,086

2017	Balance December 31, 2016	Increases	Decreases	Adjustment (A)	Balance, December 31, 2017 (Restated)
Land and Land Improvements	$ 2,036,110	$ 28,800			$ 2,064,910
Buildings and Building Improvements	4,664,623				4,664,623
Equipment	1,668,485	156,166	$ 102,000	$ (469,987)	1,252,664
Vehicles	2,758,067	132,396	-	-	2,890,463
	$ 11,127,285	$ 317,362	$ 102,000	$ (469,987)	$ 10,872,660

(A) Restatement – The General Fixed Asset Account Group for December 31, 2017 has been restated to reflect a change in accounting estimate. The threshold for fixed assets was increased from $1,000 to $5,000. That increase was reflected in the Township's Fixed Asset inventory report.

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. 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 Township's debt is summarized as follows:

	2018	2017
Issued		
General		
Bonds and Notes	$ 10,645,000	$ 11,837,000
Less Funds Temporarily Held to Pay Bonds and Notes	-	(188,156)
Net Debt Issued	10,645,000	11,648,844
Authorized But Not Issued		
General		
Bonds and Notes	802,941	-
Net Bonds and Notes Issued	$ 11,447,941	$ 11,648,844

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.187% and 1.232% at December 31, 2018 and 2017, respectively.

	Gross Debt	Deductions	Net Debt
2018			
General Debt	$ 11,447,941		$ 11,447,941
School Debt	5,713,000	$ 5,713,000	-
Total	$ 17,160,941	$ 5,713,000	$ 11,447,941

	Gross Debt	Deductions	Net Debt
2017			
General Debt	$ 11,837,000	$ 188,156	$ 11,648,844
School Debt	5,988,000	5,988,000	-
Total	$ 17,825,000	$ 6,176,156	$ 11,648,844

Statutory Borrowing Power

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

	2018	2017
3-1/2% of Equalized Valuation Basis (Municipal)	$ 33,752,677	$ 33,091,675
Less: Net Debt	11,447,941	11,648,844
Remaining Borrowing Power	$ 22,304,736	$ 21,442,831

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	2018	2017
$5,560,000, 2011 Bonds, due in an annual installment of $400,000 through July 15, 2018 interest at 4.625%		$ 400,000
$8,025,000, 2012 Bonds, due in annual installments of $500,000 to $700,000 through February 15, 2026, interest at 2.000% to 2.375%	$ 5,050,000	5,550,000
$5,595,000, 2018 Bonds, due in annual installments of $350,000 to $700,000 through December 1, 2030, interest at 2.000% to 3.125%	5,595,000	-
Total	$ 10,645,000	$ 5,950,000

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

Calendar Year	General Bonds Principal	General Bonds Interest	Total
2019	$ 875,000	$ 266,663	$ 1,141,663
2020	900,000	249,163	1,149,163
2021	925,000	230,725	1,155,725
2022	950,000	211,350	1,161,350
2023	1,050,000	190,600	1,240,600
2024-2028	4,545,000	561,500	5,106,500
2029-2030	1,400,000	64,750	1,464,750
Total	$ 10,645,000	$ 1,774,751	$ 12,419,751

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

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

	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018	Due Within One Year
2018					
General Capital Fund Bonds Payable	$ 5,950,000	$ 5,595,000	$ 900,000	$ 10,645,000	$ 875,000
General Capital Fund Long-Term Liabilities	$ 5,950,000	$ 5,595,000	$ 900,000	$ 10,645,000	$ 875,000

	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017	Due Within One Year
2017					
General Capital Fund Bonds Payable	$ 6,825,000	-	$ 875,000	$ 5,950,000	$ 900,000
General Capital Fund Long-Term Liabilities	$ 6,825,000	$ -	$ 875,000	$ 5,950,000	$ 900,000

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

Purpose	Rate (%)	Maturity Date	Balance, December 31, 2017	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2018
2018						
General Capital Fund						
Various Public Improvements	1.52%	12/14/2018	$ 5,022,000		$ 5,022,000	$ -
Improvement of Roads	1.52%	12/14/2018	387,000		387,000	-
Improvements to Carlock Field and Playground	1.52%	12/14/2018	469,000		469,000	-
ADA Improvements to Municipal Building	1.52%	12/14/2018	9,000	-	9,000	-
Total General Capital Fund			$ 5,887,000	$ -	$ 5,887,000	$ -

Purpose	Rate (%)	Maturity Date	Balance, December 31, 2016	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2017
2017						
General Capital Fund						
Various Public Improvements	1.52%	12/14/2018	$ 4,228,000	$ 5,022,000	$ 4,228,000	$ 5,022,000
Improvement of Roads	1.52%	12/14/2018	387,000	387,000	387,000	387,000
Improvements to Carlock Field and Playground	1.52%	12/14/2018	474,000	469,000	474,000	469,000
ADA Improvements to Municipal Building	1.52%	12/14/2018	10,000	9,000	10,000	9,000
Total General Capital Fund			$ 5,099,000	$ 5,887,000	$ 5,099,000	$ 5,887,000

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

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

Capital Project	Construction Commitment	Estimated Date of Completion
2018		
Rehabilitation of Sewer Interceptor	$87,019	2019
Reconstruction of Window/Wall at Municipal Building	54,000	2019
ADA Bleacher Improvements at Carlock Field	165,272	2019
ADA Curb Ramp Improvements	128,400	2019
Dispatch Console and Furniture	179,050	2019

2017

There were none.

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and to redeem such unused vacation time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

In addition, members of the Township police department are eligible to receive six (6) months of terminal leave as a retirement benefit. During the six (6) months of terminal leave retiring officers receive full pay and benefits. Retirement is defined as that retirement which is recognized by the New Jersey Police and Fireman's Retirement System.

The estimated cost of such unpaid vacation and salary related payments as well as terminal leave would approximately $450,638 at December 31, 2018.

As of December 31, 2018 and 2017, the Township has reserved in the Other Trust Fund $299,000 and $99,000 respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

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

	December 31, 2017	Prior Period Adjustment	Additions	Reductions	December 31, 2018	Within One Year
2018						
Net Pension Liability - PERS	$ 3,075,088			$ 78,818	$ 2,996,270	
Net Pension Liability - PFRS	11,097,558			1,510,331	9,587,227	
Compensated Absences	369,004		$ 81,634		450,638	
Net OPEB Liability	11,869,944	-	-	2,793,332	9,076,612	-
Total Other Long-Term Liabilities	$ 26,411,594	$ -	$ 81,634	$ 4,382,481	$ 22,110,747	$ -

	Balance, December 31, 2016	Prior Period Adjustment	Additions	Reductions	Balance, December 31, 2017	Due Within One Year
2017						
Net Pension Liability - PERS	$ 3,726,104			$ 651,016	$ 3,075,088	
Net Pension Liability - PFRS	13,687,111			2,589,553	11,097,558	
Compensated Absences		$ 369,004			369,004	
Net OPEB Liability	-	11,869,944	-	-	11,869,944	-
Total Other Long-Term Liabilities	$ 17,413,215	$ 12,238,948	$ -	$ 3,240,569	$ 26,411,594	$ -

(A) The prior period adjustment reflects the amount of compensated absences for unpaid vacation and salary related payment as well as terminal leave which was not calculated in 2017.The prior period adjustment also reflects the opening amount of the Net OPEB Liability as of December 31, 2016 resulting from the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefit Other Than Pension" during the year ended December 31, 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 Township 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.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township 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.

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.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

During the years ended December 31, 2018, 2017 and 2016, the Township, 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:

Year Ended December 31	PFRS	PERS
2018	$ 636,190	$ 122,889
2017	584,197	111,972
2016	606,262	121,452

In addition for the years ended December 31, 2018 and 2017 the Township contributed for long-term disability insurance premiums (LTDI) $512 and $205, respectively for PERS.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Township reported a liability of $2,996,270 and $3,075,088, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Township's proportionate share was .01522 percent, which was an increase of .00201 percent from its proportionate share measured as of June 30, 2017 of .01321 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Township's pension expense to be $184,195 and $152,638, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Township's financial statements of $122,889 and $111,972, respectively. At December 31, 2018 and 2017, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 57,139	$ 15,450	$ 72,408	
Changes of Assumptions	493,736	958,048	619,524	$ 617,253
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		28,105	20,939	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	459,475	213,358	112,135	312,402
Total	$ 1,010,350	$ 1,214,961	$ 825,006	$ 929,655

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending December 31,		Total
2019	$	12,729
2020		(19,325)
2021		(118,311)
2022		(72,990)
2023		(6,714)
Thereafter		-
	$	(204,611)

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

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

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

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

	2018		2017	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

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:

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

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

2018	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Township's Proportionate Share of the PERS Net Pension Liability	$ 3,767,464	$ 2,996,270	$ 2,349,287

2017	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's Proportionate Share of the PERS Net Pension Liability	$ 3,814,855	$ 3,075,088	$ 2,458,770

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2018 and 2017, the Township reported a liability of $9,587,227 and $11,097,558, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Township's proportionate share was .07085 percent, which was a decrease of .00103 percent from its proportionate share measured as of June 30, 2017 of .07188 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Township pension expense to be $649,353 and $940,674, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Township's financial statements of $636,190 and $584,197, respectively. At December 31, 2018 and 2017, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 97,538	$ 39,674	$ 71,994	$ 65,133
Changes of Assumptions	822,934	2,457,041	1,368,453	1,817,456
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		52,451	211,767	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	120,556	450,029	210,411	471,176
Total	$ 1,041,028	$ 2,999,195	$ 1,862,625	$ 2,353,765

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2019	$ 9,820
2020	(409,703)
2021	(857,235)
2022	(525,878)
2023	(175,171)
Thereafter	-
	$ (1,958,167)

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS	2018	2017
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

	2018		2017	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

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:

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

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Township's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

2018	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Township's Proportionate Share of the PFRS Net Pension Liability	$ 12,831,314	$ 9,587,227	$ 6,911,446

2017	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Township's Proportionate Share of the PFRS Net Pension Liability	$ 14,621,947	$ 11,097,558	$ 8,201,872

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township 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 Township 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 Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is $1,302,266 and $1,243,020, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is $154,251 and $152,049, respectively, which are more than the actual contributions the State made on behalf of the Township of $77,126 and $62,156, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Township was .07085 percent, which was a decrease of .00103 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .07188 percent. The State's proportionate share attributable to the Township 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 Township'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.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Township.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

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

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 the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government 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 other postemployment benefit plan. 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.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2018 and 2017 is $15.7 billion and $20.4 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.97% and 1.03%, respectively.

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

Actuarial Methods and Assumptions

In the June 30, 2017 and 2016 OPEB 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 Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of $421.2 million and $381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed $53.5 million and $53.1 million for fiscal years 2018 and 2017, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan-using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Township's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were $476,994, $482,683 and $491,589, respectively, which equaled the required contributions for each year.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2018 and 2017, the Township reported a liability of $9,076,612 and $11,869,944, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and 2016, respectively. The Township's proportionate share of the net OPEB liability was based on the ratio of the Township's proportionate share of the OPEB liability attributable to the Township at June 30, 2018 and 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2018 and 2017, respectively. As of the measurement date of June 30, 2018 the Township's proportionate share was .05794 percent, which was a decrease of .0002 percent from its proportionate share measured as of June 30, 2017 of .05814 percent.

For the years ended December 31, 2018 and 2017, the Plan has determined the Township's OPEB expense to be $239,392 and $703,309, respectively, based on the actuarial valuations which are less than and more than the actual contributions reported in the Township's financial statements of $476,994 and $482,683, respectively. At December 31, 2018 and 2017, the Township's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Township's financial statements are from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		$ 1,842,876		
Changes of Assumptions		2,302,401		$ 1,317,463
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	$ 4,797		$ 2,034	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	-	694,036	-	761,412
Contributions made Subsequent to the Measurement Date	-	-	-	-
Total	$ 4,797	$ 4,839,313	$ 2,034	$ 2,078,875

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, 2018 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:

Year Ending December 31,		Total
2019	$	(721,942)
2020		(721,942)
2021		(721,944)
2022		(722,451)
2023		(723,269)
Thereafter		(1,222,968)
	$	(4,834,516)

Actuarial Assumptions

The Township's total OPEB 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 June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2018	2017
Inflation Rate	2.50%	2.50%
Salary Increases*		
Initial Fiscal Year Applied Through	2026	2026
Rate	1.65% to 8.98%	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	1.00%	1.00%

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

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)

Actuarial Assumptions (Continued)

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

For the June 30, 2017 measurement date healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2018 and 2017, respectively.

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2018	June 30, 2018	3.87%
2017	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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 Discounts Rate

The following presents the Township's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the discount rate of 3.87% and 3.58%, respectively, as well as what the Township's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.87% and 2.58%, respectively or 1-percentage-point higher 4.87% and 4.58%, respectively than the current rate:

2018	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Township's Proportionate Share of the Net OPEB Liability	$ 10,649,266	$ 9,076,612	$ 7,820,418

2017	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Township's Proportionate Share of the Net OPEB Liability	$ 14,000,953	$ 11,869,944	$ 10,179,024

The sensitivity analysis was based on the proportionate share of the Township's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Township's net OPEB liability was not provided by the Plan.

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

The following presents the Township's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the healthcare trend rates as disclosed above as well as what the Township's proportionate share of the 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:

2018	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Township's Proportionate Share of the Net OPEB Liability	$ 7,571,350	$ 9,076,612	$ 11,024,645

2017	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Township's Proportionate Share of the Net OPEB Liability	$ 9,864,270	$ 11,869,944	$ 14,481,564

The sensitivity analysis was based on the proportionate share of the Township's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Township's net OPEB liability was not provided by the pension system.

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)

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Township is responsible for their own OPEB 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 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium of periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2018 and 2017, there were no qualified plan members in the State OPEB special funding situation.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB 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.

NOTE 14 RISK MANAGEMENT

The Township 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 Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Rochelle Park is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) 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 SBJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township 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 Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

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

NOTE 14 RISK MANAGEMENT (Continued)

The Township has established a prescription drug benefit plan for employees and their eligible dependents. The Township contributes to fund the entire cost of the plan. Claims are paid directly by the plan. Estimates of claims payable and claims incurred, but not reported (IBNR) at December 31, 2018 and 2017 were not provided by the claims administrator. As of December 31, 2018 and 2017 the Township has available in the Other Trust Fund $43,405 and $11,659, respectively, for the payment of unpaid self-insurance prescription drug claims.

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.

NOTE 15 CONTINGENT LIABILITIES

The Township 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 Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018 and 2017. Amounts claimed have not yet been determined. The Township 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 Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2018, the Township reserved $128,790 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 Township 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 Township may be required to reimburse the grantor government. As of December 31, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2018 and 2017, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Township of Rochelle Park Length of Service Award Program (the Plan) was created by a Township ordinance adopted on July 23, 2001 of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Rochelle Park approved the adoption of the Plan at the general election held on November 6, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. 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 Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

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

The Township of Rochelle Park has contributed $15,150 and $19,650 for 2018 and 2017, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township 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 Township'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 Township 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 Township's Trust Fund.

NOTE 18 SUBSEQUENT EVENTS

Debt Authorized

On April 24, 2019 the Township adopted a bond ordinance authorizing the issuance $259,000 in Bonds or bond anticipation notes to fund certain capital projects. In addition on July 24, 2019, the Township adopted a bond ordinance authorizing the issuance of $541,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

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CURRENT FUND

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF CURRENT CASH

Balance, December 31, 2017		$ 5,114,469
Increased by Receipts:		
Taxes Receivable	$ 22,689,285	
Miscellaneous Revenue Not Anticipated	222,444	
Revenue Accounts Receivable	2,038,124	
Receipts for Library	1,023	
Prepaid Taxes	164,207	
State of NJ Senior Citizens' and Veterans' Deductions	48,630	
Fees Payable	7,204	
Receipts from Other Trust Fund	5,740	
Reserve for Grants - Unappropropriated	22,887	
		25,199,544
		30,314,013
Decreased by Disbursements:		
2018 Budget Appropriations	11,277,972	
2017 Appropriation Reserves	347,679	
Encumbrances Payable	62,864	
Reserve for Tax Appeals	53,874	
Local District School Tax	11,609,419	
County Tax	2,297,545	
Fees Payable	5,023	
Appropriated Grant Reserves	7,627	
		25,662,003
Balance, December 31, 2018		$ 4,652,010

EXHIBIT A-5

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF CHANGE FUNDS

Balance, December 31, 2017	$	480
Balance, December 31, 2018	$	480

EXHIBIT A-6

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2017	Cancelled	Balance, December 31, 2018
NJ DEP - De-Snagging & Dredging	$ 66,500		$ 66,500
BC Prosecutor Confiscated Funds	91,291	$ 91,291	-
	$ 157,791	$ 91,291	$ 66,500

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2017	2018 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Cash Receipts 2017	Cash Receipts 2018	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Balance, December 31, 2018
2017	$ 301,916		$ 2,241		$ 304,157			-
2018	-	$ 23,227,973	2,000	$ 545,001	22,385,128	$ 52,250	$ 12,542	$ 235,052
	$ 301,916	$ 23,227,973	$ 4,241	$ 545,001	$ 22,689,285	$ 52,250	$ 12,542	$ 235,052

Analysis of 2018 Property Tax Levy

Tax Yield			
General Purpose Tax		$ 23,198,536	
Added Taxes (54:4-63.1 et seq.)		29,437	
			$ 23,227,973
Tax Levy			
Local District School Tax		$ 11,620,407	
County Taxes			
County Taxes	$ 2,202,739		
County Open Space Preservation	94,806		
Due County for Added Taxes (54:63.1 et seq.)	2,920		
		2,300,465	
Local Tax for Municipal Purposes	8,959,909		
Minimum Library Tax	315,331		
Add Additional Tax Levied	31,861		
		9,307,101	
			$ 23,227,973

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, 2017	Accrued in 2018	Collected	Balance, December 31, 2018
Licenses				
Alcoholic Beverages		$ 17,607	$ 17,607	
Other		16,104	16,104	
Fees and Permits				
Fees and Permits		20,234	20,234	
Municipal Court				
Fines and Costs	$ 11,511	149,833	153,354	$ 7,990
Interest and Costs on Taxes		38,096	38,096	
Interest on Deposits		39,005	39,005	
Energy Receipts Taxes		640,674	640,674	
Consolidated Municipal Property Tax Relief Aid		57,843	57,843	
Uniform Construction Code Fees	11,950	140,833	152,783	-
Uniform Fire Safety Act - State		18,244	18,244	
Uniform Fire Safety Act - Local		50,910	50,910	
Cable T.V. Franchise Fee - Cablevision		51,631	51,631	
Cable T.V. Franchise Fee - Verizon		36,005	36,005	
Hotel Fees		111,124	111,124	
Westfield Corporation		156,336	156,336	
Cell Tower Lease - AT&T/Cingular		27,500	27,500	
Cell Tower Lease - Sprint/Nextel		56,743	56,743	
Cell Tower Lease - Metro PCS Wireless		32,895	32,895	
Real Property Rental - 151 W. Passaic Street		141,990	141,990	
Third Party Billing - Ambulance Fees		70,265	70,265	
Sale of Gasoline - Maywood Borough		60,067	60,067	
Sale of Gasoline - Saddle Brook Twp.		88,563	88,563	
Sale of Gasoline - Saddle Brook BOE	-	18,453	18,453	-
	$ 23,461	$ 2,040,955	$ 2,056,426	$ 7,990

Cash Receipts	$ 2,038,124
Due from General Capital	12,449
Due from Other Trust	5,853
	$ 2,056,426

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, 2017	Encumbrances Payable Cancelled	Transfers	Balance After Modification	Total Paid or Charged	Balance Lapsed
Salaries and Wages:						
General Administration	$ 887			$ 887		$ 887
Township Committee	837			837		837
Municipal Clerk	909			909		909
Financial Administration	1,212			1,212		1,212
Revenue Administration	3,009			3,009		3,009
Tax Assessment Administration	953			953		953
Legal Services	1,057			1,057		1,057
Planning Board	495			495		495
Zoning Board of Adjustment	2,140			2,140		2,140
Police	93,235		$ (28,500)	64,735		64,735
Police Dispatch	225			225		225
School Crossing Guards	1,150			1,150		1,150
Office of Emergency Management	2,628			2,628		2,628
Emergency Medical Services	16,808			16,808		16,808
Fire Department	17,237			17,237		17,237
Streets and Roads	5,693			5,693	$ 4,446	1,247
Recycling	1,690			1,690		1,690
Public Health	1,003			1,003		1,003
Recreation	25,928			25,928		25,928
Municipal Library	21,363			21,363	21,363	-
Uniform Construction Code	6,618			6,618		6,618
Municipal Court	3			3		3
Accumulated Leave Compensation	25,000	-	-	25,000	-	25,000
	230,080	-	(28,500)	201,580	25,809	175,771
Other Expenses:						
General Administration	2,397			2,397	1,630	767
Township Committee	1,773			1,773	230	1,543
Municipal Clerk	2,276	$ 444		2,720		2,720
Financial Administration	2,690			2,690	2,166	524
Computerized Data Processing	3,345			3,345	850	2,495
Revenue Administration	6,813			6,813	5,138	1,675
Tax Assessment Administration	5,863			5,863	810	5,053
Legal Services	4,750			4,750	100	4,650
Engineering Services	1,358		3,000	4,358	1,789	2,569
Planning Board	1,070			1,070	175	895
Zoning Board of Adjustment	600			600	72	528
Insurance						
Liability Insurance			90,000	90,000	88,186	1,814
Other Insurance Premiums	16,966			16,966	1,617	15,349
Employee Group Health Insurance	95,995		(88,000)	7,995	7,995	-
Unemployment Compensation	9,745			9,745		9,745
Police	6,042	4,605		10,647		10,647
Office of Emergency Management	3,481			3,481	119	3,362
Aid to Volunteer Fire Companies	3,102			3,102	1,206	1,896
Emergency Management Services	17,014			17,014	1,608	15,406
Fire	7,428			7,428	1,719	5,709
Municipal Prosecutor	500			500		500

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, 2017	Encumbrances Payable Canceled	Transfers	Balance After Modification	Total Paid or Charged	Balance Lapsed
Other Expenses (Continued)						
Streets and Roads	$ 33,053	$ 2,834		$ 35,887		$ 35,887
Recycling	19,267			19,267	$ 12,985	6,282
Solid Waste Collection	10,300		$ 2,000	12,300	12,175	125
Building & Grounds	9,684	4,896		14,580		14,580
Vehicle Maintenance	15,374			15,374	8,220	7,154
Recreation	12,498	2,853		15,351		15,351
Library	121,052			121,052	112,005	9,047
Celebration of Public Event	3,430			3,430		3,430
Electricity	1,791		6,500	8,291	7,907	384
Telephone	6,379			6,379	1,579	4,800
Water	6,938			6,938		6,938
Gas (natural or propane)	8,172			8,172	2,049	6,123
Gasoline	90		15,000	15,090	14,097	993
Dump Fees	31,487			31,487	20,977	10,510
Uniform Construction Code	4,497	40		4,537		4,537
Municipal Court	12,394			12,394	66	12,328
PERS	2,649			2,649		2,649
Social Security System	13,018			13,018		13,018
LOSAP	40,000			40,000	19,650	20,350
	-	-	-	-	-	-
	545,281	15,672	28,500	589,453	327,120	262,333
	$ 775,361	$ 15,672	$ -	$ 791,033	$ 352,929	$ 438,104

Cash Disbursements	$ 347,679
Transferred to Accounts Payable	5,250
	$ 352,929

EXHIBIT A-10

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2017		$ 78,536
Increased by:		
Charges to 2018		
Budget Appropriations	$ 78,969	
Appropriated Grant Reserves	896	
		79,865
		158,401
Decreased by:		
Cash Disbursements	62,864	
Restored to 2017 Appropriation Reserves	15,672	
		78,536
Balance, December 31, 2018		$ 79,865

EXHIBIT A-11

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

Balance, December 31, 2017 - Due To		$ 500
Increased by:		
Cash Received from State of New Jersey	$ 48,630	
Senior Citizens and Veterans' Deductions Disallowed by Tax Collector - 2017	2,241	
Senior Citizens and Veterans' Deductions Disallowed by State Tax Audit - 2017	629	
Senior Citizens and Veterans' Deductions Disallowed by Tax Collector - 2018	2,000	
		53,500
		54,000
Decreased by:		
Senior Citizens' Deductions Per Tax Billings - 2018	9,750	
Veterans' Deductions Per Tax Billings - 2018	41,750	
Veterans' Deductions Allowed per Tax Collector - 2018	750	
		52,250
Balance, December 31, 2018 - Due To		$ 1,750

EXHIBIT A-12

STATEMENT OF RESERVE FOR TAX APPEALS

Increased by:		
2018 Budget Appropriation	$ 150,000	
Transferred from Current Year Tax Collections	32,664	
		$ 182,664
Decreased by:		
Cash Disbursements		53,874
Balance, December 31, 2018		$ 128,790

EXHIBIT A-13

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF PREPAID TAXES

Balance, December 31, 2017	$ 545,001
Increased by:	
Cash Receipts - 2019 Taxes	164,207
	709,208
Decreased by:	
Application to 2018 Taxes	545,001
Balance, December 31, 2018	$ 164,207

EXHIBIT A-14

STATEMENT OF FEES PAYABLE

	Balance, December 31, 2017	Cash Receipts	Cash Disbursement	Balance, December 31, 2018
State DCA Training Fees	$ 4,873	$ 6,529	$ 4,873	$ 6,529
Marriage License Fees	150	675	150	675
	$ 5,023	$ 7,204	$ 5,023	$ 7,204

EXHIBIT A-15

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
County Tax - General	$ 2,202,739		
County Open Space Preservation	94,806		
		$ 2,297,545	
County Tax for Added Taxes		2,920	
			$ 2,300,465
			2,300,465
Decreased by:			
Cash Disbursements			2,297,545
Balance, December 31, 2018			$ 2,920

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2017		
School Tax Payable	$ 138,560	
School Tax Deferred	4,812,222	
		$ 4,950,782
Increased by:		
Levy Calendar 2018		11,620,407
		16,571,189
Decreased by:		
Payments		11,609,419
Balance, December 31, 2018		
School Tax Payable	149,548	
School Tax Deferred	4,812,222	
		$ 4,961,770

2018 Liability for Local District School Tax

Tax Paid	$ 11,609,419
Add: Tax Payable at December 31, 2018	149,548
	11,758,967
Less: Tax Payable at December 31, 2017	138,560
Amount Charged to Operations	$ 11,620,407

EXHIBIT A-17

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, 2017	Decreased by:	Balance, December 31, 2018
Reserve for Petty Cash	$ 903	$ 13	$ 890
Reserve for State Library Aid	6,266	6,266	-
	$ 7,169	$ 6,279	$ 890

Cash Disbursed - Petty Cash	$ 13
Due to Library	6,266
	$ 6,279

EXHIBIT A-18

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF ACCOUNTS PAYABLE

Increased by:		
Charges to 2017 Budget Appropriations		$ 5,250
Balance, December 31, 2018		$ 5,250

EXHIBIT A-19

STATEMENT OF DUE TO LIBRARY

Increased by:		
Reserve for State Library Aid	$ 6,266	
Receipts for Library	1,023	
Balance December 31, 2018		$ 7,289

EXHIBIT A-20

STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance, December 31, 2017	Transferred from 2018 Appropriations	Decreased by:	Balance, December 31, 2018
DEA Funds	$ 1,617			$ 1,617
Recycling Tonnage Grant	11,583		$ 5,038	6,545
Drunk Driving Enforcement Grant	31			31
Clean Communities Grant	31,629			31,629
Body Armor Replacement Program	314			314
NJ DEP - De Snagging & Dredging	39,052			39,052
BC Prosecutor Confiscated Funds	91,291		91,291	-
BCUA Municipal Recycling Assistance Program	13,141			13,141
Municipal Alliance on Alcohol and Drug Abuse	291			291
Municipal Alliance on Alcohol and Drug Abuse - Loc	611	$ 5,469	3,485	2,595
	$ 189,560	$ 5,469	$ 99,814	$ 95,215
	Cash Disbursements		$ 7,627	
	Encumbrances Payable		896	
	Cancelled		91,291	
			$ 99,814	

EXHIBIT A-21

STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED

	Balance, December 31, 2017	Cash Receipts	Balance, December 31, 2018
Recycling Tonnage	$ 11,177		$ 11,177
Clean Communities Grant	9,961	$ 9,533	19,494
Municipal Alliance		8,354	8,354
Bergen County - CDBG - Senior Activities		5,000	5,000
Body Armor Fund	2,107	-	2,107
	$ 23,245	$ 22,887	$ 46,132

TRUST FUND

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF TRUST CASH

	Animal Control		Other Trust	
Balance, December 31, 2017		$ 18,494		$ 1,322,265
Increased by:				
Dog License Fees	$ 2,654			
Late Fees	136			
Fees Due to State Dept. of Health	482			
Interest Earned on Deposits	30		$ 2,070	
Due to Current Fund			5,853	
Miscellaneous Reserves/Escrow Deposits			803,414	
Budget Appropriation - Self Insurance			295,000	
Payroll Deductions/Deposits	-		5,624,523	
		3,302		6,730,860
		21,796		8,053,125
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.1	2,697			
Due to State	124			
Payments to Current Fund			5,740	
Miscellaneous Reserves/Escrow Disbursements			664,302	
COAH Disbursements			51,178	
Self Insurance Disbursements			263,496	
Payroll Disbursements	-		5,620,416	
		2,821		6,605,132
Balance, December 31, 2018		$ 18,975		$ 1,447,993

EXHIBIT B-2

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2017		$ 11,025
Increased by:		
Statutory Excess in Reserve for Dog Fund Expenditures		738
Balance, December 31, 2018		$ 11,763

EXHIBIT B-3

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

Balance, December 31, 2017		$ 7,469
Increased by:		
Dog License Fees Collected	$ 2,654	
Late Fees Collected	136	
Interest Earned on Deposits	30	
		2,820
		10,289
Decreased by:		
Expenditures Under R.S. 4:19-15.1	2,697	
Statutory Excess Due to Current Fund	738	
		3,435
Balance, December 31, 2018		$ 6,854

EXHIBIT B-4

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF DUE TO STATE
ANIMAL CONTROL FUND

Increased by: State Fees Collected	$	482
Decreased by: Payments to State		124
Balance, December 31, 2018	$	358

EXHIBIT B-5

STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2017	$	48,635
Increased by: Interest Earned		5,853
		54,488
Decreased by: Payments to Current Fund		5,740
Balance, December 31, 2018	$	48,748

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF MISCELLANEOUS RESERVES AND ESCROW DEPOSITS
OTHER TRUST FUND

	Balance, December 31, 2017	Increased	Decreased	Balance, December 31, 2018
Municipal Alliance		$ 8,602	$ 4,552	$ 4,050
Police and Fire Rescue Boat - Donations	$ 644			644
Sidewalk Safety - Donations	1,125			1,125
Oldies Concert - Donations	2,629	8,500	9,682	1,447
POAA Fees	2,313	320	2,068	565
Police Outside Duty	77,671	306,925	298,577	86,019
911 Memorial Trust -Donations	7,609		523	7,086
Captain William Tyson - Donations	4,315		93	4,222
Farmers Market - Donations		5,160	1,733	3,427
Elevation of Homes		4,800	4,800	-
Vacant Property		500		500
Accumulated Leave	99,000	200,000		299,000
Public Defender	1,504			1,504
Escrow	312,806	47,980	56,908	303,878
Tax Sale Premiums	74,600			74,600
Recreation Commission Fees	69,055	50,480	80,230	39,305
Fire Prevention Fees	103,147		31,049	72,098
Fire Prevention Fees - Penalties		6,288	6,288	-
Fire Prevention - Other	5,701	667	6,368	-
Fire Watch	3,453	8,841	7,368	4,926
Employee Health Benefit Contributions	5,960	154,351	154,063	6,248
Sewer Connection Fees	9,900			9,900
RCA - Regional Agreement	40,000			40,000
Miscellaneous/Other	19,256	-	-	19,256
	$ 840,688	$ 803,414	$ 664,302	$ 979,800
Cash Receipts		$ 803,414		
Cash Disbursements		-	$ 664,302	
		$ 803,414	$ 664,302	

EXHIBIT B-7

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF RESERVE FOR COAH
OTHER TRUST FUND

Balance, December 31, 2017		$ 420,923
Increased by:		
Interest Earned on Deposits		1,828
		422,751
Decreased by:		
Cash Disbursements		51,178
Balance, December 31, 2018		$ 371,573

EXHIBIT B-8

STATEMENT OF RESERVE FOR SELF INSURANCE
OTHER TRUST FUND

Balance, December 31, 2017		$ 11,659
Increased by:		
Cash Receipts - Budget Appropriation	$ 295,000	
Interest Earned on Deposits	242	
		295,242
		306,901
Decreased by:		
Cash Disbursements		263,496
Balance, December 31, 2018		$ 43,405

EXHIBIT B-9

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Balance, December 31, 2017	$ 360
Increased by:	
Payroll Deductions/Deposits	5,624,523
	5,624,883
Decreased by:	
Payroll Disbursements	5,620,416
Balance, December 31, 2018	$ 4,467

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GENERAL CAPITAL FUND

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF GENERAL CAPITAL CASH

Balance, December 31, 2017		$ 2,329,180
Increased by Receipts:		
Grants Proceeds	$ 44,059	
Serial Bond Proceeds	5,595,000	
Premium on Serial Bonds	14,154	
Interest Earned on Deposits	7,218	
Interest on Bond Sale	5,231	
2018 Budget Appropriation		
Capital Improvement Fund	75,000	
		5,740,662
		8,069,842
Decreased by Disbursements:		
Improvement Authorizations	517,352	
Contracts Payable	751,504	
Due from Current Fund - Bond Anticipation Notes	55,844	
Bond Anticipation Notes Payable	5,831,156	
		7,155,856
Balance, December 31, 2018		$ 913,986

TOWNSHIP OF ROCHELLE PARK
ANALYSIS OF GENERAL CAPITAL CASH

		Balance, December 31, 2018
Fund Balance		$ 257,365
Capital Improvement Fund		68,252
Grants Receivable		(325,103)
Contracts Payable		699,721
Due from Current Fund		(283,395)
Reserve for Improvements/Acquisitions		240,000
Improvement Authorizations:		
Ord. No.	Improvement Description	
1028-11	Resurface High Street	10,326
1054-12	Reconstruct/Improve Carlock Field	12
1061-13	Various Public Improvements	194,754
1071-14	Various Public Improvements	1,565
1075-14	Various Public Improvements	26,536
1082-15	Various Public Improvements	1,000
1083-15	Various Public Improvements	11,811
1098-16	Various Public Improvements	64,990
1100-16	Various Public Improvements	88,099
1108-17	Various Public Improvements	65,582
1126-18	Various Public Improvements	(304,597)
1127-18	Installation of ADA Barrier Free Curb Ramps	20,552
1128-18	Resurface Terrace Avenue	76,516
		$ 913,986

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF GRANTS RECEIVABLE

Ord. No.	Grantor Agency	Balance, December 31, 2017	Grants Awarded	Balance, December 31, 2018	Balance Pledged to Improvement Authorization
1108-17	Bergen County Open Space	$ 49,000		$ 49,000	$ 49,000
1126-18	Bergen County Open Space		$ 35,103	35,103	35,103
1127-18	Bergen County Barrier Free		150,000	150,000	150,000
1128-18	NJ Dept of Transportation	-	91,000	91,000	91,000
		$ 49,000	$ 276,103	$ 325,103	$ 325,103

EXHIBIT C-5

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2017		$ 240,000
Increased by:		
Cash Disbursement - Bond Anticipation Note		55,844
		295,844
Decreased by:		
Interest on Bond Sale	$ 5,231	
Interest Earned on Deposits	7,218	
		12,449
Balance, December 31, 2018		$ 283,395

EXHIBIT C-6

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2017	$ 5,950,000
Increased by:	
Serial Bonds Issued	5,595,000
	11,545,000
Decreased by:	
2018 Budget Appropriations	
Serial Bonds	900,000
Balance, December 31, 2018	$ 10,645,000

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance December 31, 2017	2018 Authori-zations	Notes Paid By Budget Appropriation	Grants Proceeds	Serial Bonds Issued	Balance December 31, 2018	Analysis of Balance December 31, 2018: Expenditures	Analysis of Balance December 31, 2018: Unexpended Improvement Authorizations
1049-12	Various Public Improvements	$ 812,000				$ 812,000			
1054-12	Reconstruct/Improve Carlock Field	355,000				355,000			
1061-13	Various Public Improvements	749,000		$ 55,844		693,156			
1071-14	Various Public Improvements	636,000				636,000			
1075-14	Improvements to Carlock Field Playground	114,000				114,000			
1080-14	ADA Improvements to Municipal Building	9,000				9,000			
1083-15	Various Public Improvements	570,000				570,000			
1089-15	Improvements to Lincoln Avenue	55,403				55,403			
1098-16	Various Public Improvements	1,350,000				1,350,000			
1100-16	Improvement of Chestnut Street	143,441			$ 44,059	95,441	$ 3,941		$ 3,941
1108-17	Various Public Improvements	905,000				905,000			
1126-18	Various Public Improvements	-	$ 799,000	-	-	-	799,000	$ 304,597	494,403
		$ 5,698,844	$ 799,000	$ 55,844	$ 44,059	$ 5,595,000	$ 802,941	$ 304,597	$ 498,344

EXHIBIT C-8

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF GENERAL SERIAL BONDS

Issue	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2018 Date	Amount	Interest Rate	Balance, December 31, 2017	Increase	Decreased	Balance, December 31, 2018
2001 General Improvement Bonds	7/15/2001	$ 5,560,000				$ 400,000		$ 400,000	
2012 General Improvement Bonds	2/15/2012	8,025,000	2019	$ 525,000	2.000 %				
			2020	550,000	2.000				
			2021	575,000	2.000				
			2022	600,000	2.000				
			2023	700,000	2.250				
			2024	700,000	2.250				
			2025	700,000	2.375				
			2026	700,000	2.375	5,550,000		500,000	$ 5,050,000
2018 General Improvement Bonds	12/1/2018	5,595,000	2019	350,000	2.000				
			2020	350,000	2.125				
			2021	350,000	2.250				
			2022	350,000	2.500				
			2023	350,000	2.750				
			2024	360,000	3.000				
			2025	365,000	3.000				
			2026	370,000	3.000				
			2027	675,000	3.000				
			2028	675,000	3.000				
			2029	700,000	3.000				
			2030	700,000	3.125	-	$ 5,595,000	-	5,595,000
						$ 5,950,000	$ 5,595,000	$ 900,000	$ 10,645,000

Issued for Cash	$ 5,595,000	
Paid by Budget Appropriatioı	-	$ 900,000
	$ 5,595,000	$ 900,000

EXHIBIT C-9

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2017	Decreased	Balance, December 31, 2018
1049-12	Various Public Improvements	2/15/2013	12/15/2017	12/14/2018	1.52 %	$ 812,000	$ 812,000	
1061-13	Various Public Improvements	2/14/2014	12/15/2017	12/14/2018	1.52	749,000	749,000	
1071-14	Various Public Improvements	2/13/2015	12/15/2017	12/14/2018	1.52	636,000	636,000	
1075-14	Improvements to Carlock Field Playground	2/13/2015	12/15/2017	12/14/2018	1.52	114,000	114,000	
1080-14	ADA Improvements to Municipal Building	2/13/2015	12/15/2017	12/14/2018	1.52	9,000	9,000	
1054-12	Reconstruct/Improve Carlock Field	12/15/2015	12/15/2017	12/14/2018	1.52	355,000	355,000	
1083-15	Various Public Improvements	12/15/2015	12/15/2017	12/14/2018	1.52	570,000	570,000	
1089-15	Improvement of Lincoln Avenue	12/15/2015	12/15/2017	12/14/2018	1.52	167,000	167,000	
1098-16	Various Public Improvements	12/15/2016	12/15/2017	12/14/2018	1.52	1,350,000	1,350,000	
1100-16	Improvement of Chestnut Street	12/15/2016	12/15/2017	12/14/2018	1.52	220,000	220,000	
1108-17	Various Public Improvements and Acquisitions	12/15/2017	12/15/2017	12/14/2018	1.52	905,000	905,000	-
						$ 5,887,000	$ 5,887,000	$ -

Paid by Serial Bonds	$ 5,595,000
Paid by Capital Cash	236,156
Paid by Budget Appropriation	55,844
	$ 5,887,000

EXHIBIT C-10

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2017 Funded	Balance December 31, 2017 Unfunded	2018 Authorizations Deferred Charges Unfunded	2018 Authorizations Capital Improvement Fund	2018 Authorizations Grants Receivable	Contracts Payable Cancelled	Paid or Charged	Balance December 31, 2018 Funded	Balance December 31, 2018 Unfunded
1028-11	Resurface High Street	2/16/2011	$ 150,000	$ 10,326							$ 10,326	
1049-12	Various Public Improvements	3/23/2012	1,000,000		$ 406					$ 406		
1054-12	Reconstruct/Improve Carlock Field	10/17/2012	750,000		14,665					14,653	12	
1061-13	Various Public Improvements	5/15/2013	875,000		222,549					27,795	194,754	
1071-14	Various Public Improvements	7/16/2014	700,000		11,100					9,535	1,565	
1075-14	Impvts. to Carlock Field Playground	8/20/2014	220,000		31,961					5,425	26,536	
1082-15	Acquisition of Real Property	5/20/2015	625,000	12,092						11,092	1,000	
1083-15	Various Public Improvements	5/20/2015	600,000		29,892					18,081	11,811	
1098-16	Various Public Improvements	4/20/2016	1,500,000		228,431				$ 1,602	165,043	64,990	
1100-16	Improvement of Chestnut Street	5/18/2016	220,000		115,397					23,357	88,099	$ 3,941
1108-17	Various Public Improvements	5/17/2017	1,000,000		478,316				4,423	417,157	65,582	
1126-18	Various Public Improvements	6/27/2018	875,000			$ 799,000	$ 40,897	$ 35,103		380,597		494,403
1127-18	Installation of ADA Barrier Free Curb Ramps	6/27/2018	150,000					150,000		129,448	20,552	
1128-18	Resurface Terrace Avenue	6/27/2018	91,000					91,000		14,484	76,516	
				-	-	-	-	-	-	-	-	-
				$ 22,418	$ 1,132,717	$ 799,000	$ 40,897	$ 276,103	$ 6,025	$ 1,217,073	$ 561,743	$ 498,344

Cash Disbursements	$ 517,352
Contracts Payable	699,721
	$ 1,217,073

EXHIBIT C-11

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2017		$ 757,529
Increased by:		
Charges to Improvement Authorizations		699,721
		1,457,250
Decreased by:		
Cash Disbursements	$ 751,504	
Cancelled Contracts Restored to Improvement Authorizations	6,025	
		757,529
Balance, December 31, 2018		$ 699,721

EXHIBIT C-12

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2017	$ 34,149
Increased by:	
2018 Budget Appropriation	75,000
	109,149
Decreased by:	
Appropriated to Finance Improvement Authorization	40,897
Balance, December 31, 2018	$ 68,252

EXHIBIT C-13

STATEMENT OF RESERVE FOR IMPROVEMENTS/ACQUISITIONS

Balance, December 31, 2017	$ 240,000
Balance, December 31, 2018	$ 240,000

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

No.	Improvement Description	2018 Authorizations	Bond Anticipation Notes Not Renewed	Grant Proceeds	Balance December 31, 2018
1100-16	Improvement of Chestnut Street		$ 48,000	$ 44,059	$ 3,941
1126-18	Various Public Improvements and Acquisitions	$ 799,000	-	-	799,000
		$ 799,000	$ 48,000	$ 44,059	$ 802,941

TOWNSHIP OF ROCHELLE PARK

BERGEN COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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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 Township Committee
Township of Rochelle Park
Rochelle Park, 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 Township of Rochelle Park, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated July 30, 2019. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Rochelle Park'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 Township of Rochelle Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Rochelle Park'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 Township's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Rochelle Park's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and responses as item 2018-001.

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

Township of Rochelle Park's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Rochelle Park'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 Township of Rochelle Park'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

Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
July 30, 2019

SCHEDULE A

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Grant Program	State Account Number	Federal CFDA Number	Grant Period	2018 Grant Receipts	Grant Award Amount	Balance, January 1, 2018	Revenue	Expended	Balance, December 31 2018	(Memo) Cumulative Expenditures
U.S. Department of Homeland Security DEA Funds	N/A	N/A	2010			$ 1,617			$ 1,617	
Public Assistance Grants (Passed Thru State Department of Law and Public Safety) FEMA Reimbursement-Winter Storm	066-1200-100-B80	97.036	2018	$ 43,040	$ 43,040	-	$ 43,040	$ 43,040	-	$ 43,040
						$ 1,617	$ 43,040	$ 43,040	$ 1,617	

Note: The Federal Award Programs were not subject to a single audit in accordance with U.S. Uniform Guidance

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

SCHEDULE B

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

State Grant Program	Grant Number	Grant Year	Grant Award Amount	2018 Grant Receipts	Balance, January 1, 2018	Revenue	Expended	Cancelled	Balance, December 31, 2018	(Memo) Cumulative Expenditures
Drunk Driving Enforcement Fund	1110-448-031020-22	2013	$ 8,554		$ 31				$ 31	$ 8,523
Body Armor Fund	066-1020-718-001	2017	2,104		314				314	1,790
Clean Communities Grant	042-4900-765-004	2014	8,997		1,210				1,210	7,787
		2015	8,438		8,438				8,438	-
		2016	10,256		10,256				10,256	-
		2017	11,725		11,725				11,725	-
NJ Department of Environmental Protection De-Snagging and Dredging	N/A	2014	86,500		39,052				39,052	47,448
Municipal Alliance Program	N/A	2017	9,876		291				291	9,585
Recycling Tonnage Grant	042-4910-100-224	2016	8,393		1,894		$ 1,894		-	8,393
		2017	9,689		9,689	-	3,144	-	6,545	3,144
					$ 82,900	$ -	$ 5,038	$ -	$ 77,862	

Note: The State Financial Assistance Programs were not subject to a single audit in accordance with New Jersey OMB 15-08

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

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

TOWNSHIP OF ROCHELLE PARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Rochelle Park. The Township is defined in Note 1(A) to the Township'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 Township's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	Federal
Current Fund	$ 43,040
Total Financial Awards	$ 43,040

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 Township's fiscal year and grant program year.

NOTE 5 DE MINIMIS INDIRECT COST RATE

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

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements: Modified - Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified	____ yes	X no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	X yes	____ none
Noncompliance material to the financial statements noted?	X yes	____ no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Finding 2018-001

Our audit of the encumbrance accounting system revealed the following:

- Purchase orders were not approved and encumbered prior to the ordering of goods or services by the various departments of the Township.
- Purchase orders were not approved and encumbered for certain liabilities and services rendered in the Current Fund prior to year end.
- Purchase orders were not approved and encumbered for original contract amounts awarded for projects in the General Capital Fund.

Criteria or Specific Requirement

Technical Accounting Directive No. 85-1 – Encumbrance Accounting.

Condition

- Purchase orders are not approved, ensuring sufficient available appropriations prior to the ordering of goods or services.
- Purchase orders were not prepared and liabilities were not encumbered for insurance, emergency medical services and recycling services in the Current Fund.
- Purchase orders were not prepared for two (2) contracts for Township projects in the General Capital Fund.

Context

- 32 instances noted (sample of 40) in which the invoice date preceded the purchase order date.
- 4th quarter 2018 general liability insurance bill in the amount of approximately $88,000 was not encumbered.
- EMS services and recycling services for November and December in the amounts of $14,526 and $20,605 were not encumbered.
- Approximately $177,000 of unencumbered contract balances in the General Capital Fund.

Effect

Available appropriations and or unrecorded liabilities may exist for services rendered and contract awards that have not been encumbered through the approval of a purchase order.

Cause

See Condition.

Recommendation

Internal control procedures be reviewed to ensure purchase orders are approved and encumbered prior to the ordering of goods or services by the various departments. In addition purchase orders be approved and encumbered for liabilities and services rendered in the Current Fund, as well as, original contract awards for Township projects in the General Capital Fund.

View of Responsible Officials

Management has reviewed this recommendation and has indicated that corrective action will be implemented.

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE.

CURRENT YEAR STATE AWARDS

NOT APPLICABLE.

TOWNSHIP OF ROCHELLE PARK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

STATUS OF PRIOR YEAR FINDINGS

Finding – 2017-001

Condition

Purchase orders are not approved, ensuring sufficient available appropriation prior to the ordering of goods or services. In addition, contract awards for various Township projects are not initially encumbered and recorded as a liability in the General Capital Fund for the total amount of the contract.

Current Status

See Finding 2018-001.

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TOWNSHIP OF ROCHELLE PARK

BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF ROCHELLE PARK
SUPPLEMENTARY DATA

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

	Year 2018 Amount	Year 2018 Percent	Year 2017 Amount	Year 2017 Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 1,000,000	3.71% %	$ 500,000	1.89% %
Miscellaneous - From Other Than Local Property Tax Levies	2,278,870	8.45%	2,491,666	9.44%
Collection of Delinquent Taxes and Tax Title Liens	304,157	1.13%	196,929	0.75%
Collection of Current Tax Levy	22,947,715	85.09%	22,359,816	84.72%
Other Credits	438,842	1.62%	844,741	3.20%
Total Income	26,969,584	100.00% %	26,393,152	100.00% %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	12,209,056	46.54%	11,542,420	45.12% %
School Purposes	99,642	0.38%	97,183	0.39%
County Taxes	2,300,465	8.77%	2,293,103	8.96%
Local and Regional School Taxes	11,620,407	44.30%	11,402,862	44.58%
Other Expenditures	3,721	0.01%	244,099	0.95%
Total Expenditures	26,233,291	100.00% %	25,579,667	100.00% %
Excess in Revenue	736,293		813,485	
Fund Balance, January 1	3,270,688		2,957,203	
	4,006,981		3,770,688	
Less Utilization as Anticipated Revenue	1,000,000		500,000	
Fund Balance, December 31	$ 3,006,981		$ 3,270,688	

TOWNSHIP OF ROCHELLE PARK
SUPPLEMENTARY DATA

Comparative Schedule of Tax Rate Information

	2018	2017	2016
Tax Rate	$2.460	$2.398	$2.370
Apportionment of Tax Rate			
Municipal	.950	.948	.953
County	.234	.233	.233
County – Open Space	.010	.010	.003
Local District School	1.232	1.207	1.181
Library	.034		
Assessed Valuation			
2018	$943,029,900		
2017		$944,858,300	
2016			$959,414,200

Comparison of Tax Levies and Collection

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.

Year	Tax Levy	Cash Collections	Percentage of Collection
2018	$ 23,227,973	$ 22,980,379	98.93%
2017	22,673,184	22,359,816	98.62%
2016	22,592,591	22,400,369	99.15%

TOWNSHIP OF ROCHELLE PARK
SUPPLEMENTARY DATA

Delinquent Taxes and Tax Title Liens

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.

December 31 Year	Amount of Delinquent Taxes	Percentage of Tax Levy
2018	$ 235,052	1.01%
2017	301,916	1.33%
2016	196,179	0.87%

Comparative Schedule of Fund Balances

	Year	Balance, December 31	Utilized In Budget of Succeeding Year
Current Fund	2018	$3,006,981	$1,000,000
	2017	3,270,688	1,000,000
	2016	2,957,203	500,000

TOWNSHIP OF ROCHELLE PARK
SUPPLEMENTARY DATA

OFFICIALS IN OFFICE AND SURETY BONDS

Name	Title	Amount of Bond
William Hauser	Chairperson of the Committee/Mayor	
Michael Warren	Vice Chairperson/Deputy Mayor	
Linda Boniface	Committee Member	
Michael Kazimir	Committee Member	
Marc Vojnich	Committee Member	
Robert Davidson	Administrator	
Elizabeth Kroll	Municipal Clerk	
Joan Herve	Municipal Deputy Clerk (through September 2018)	
Jennifer Martinez	Municipal Deputy Clerk (October 2018 to Current)	
Roy Riggitano	Chief Financial Officer/Tax Collector	(a)
Carol Piazza	Assistant to CFO/Deputy Tax Collector	
James Tighe	Tax Assessor	
Robert Flannelly	Police Chief	
James Schmunk	DPW Superintendent/Recycling Coordinator	
Nick Melfi	Construction Code Official/Zoning Official	
Michael O'Connell	Plumbing Subcode Official	
Joseph Cariddi	Fire Subcode Official	
Michael Dalessio	Electric Subcode Inspector	
Jesse Damore	Housing Code Official	
Francis Leddy, Jr.	Judge	(a)
Lynda Lasini	Court Administrator	(a)
Joseph Rotolo	Township Attorney	
Boswell Engineering	Township Engineer	

(a) Public Employee Dishonesty Coverage was issued by the Municipal Excess Liability Joint Insurance Fund in the amount of $1,000,000 per loss covering the selected employees.

All surety Bonds were presented for examination and were properly executed.

TOWNSHIP OF ROCHELLE PA
LETTER OF COMMENTS AND

GENERAL COMMENTS

Our general comments with respect
other nonconformity to the law or re

Prior Year Findings Unresolved

Finance

Finding – Our audit of Othe
numerous prior year inactive ac

Recommendation – Escrow d
accounts be cleared of record.

Finding – Our audit revealed
Fund account and not transferr

Recommendation – Local Fir
Fund in a timely manner.

Municipal Court

Finding – Our audit revealed
signature.

Recommendation – Checks
signatures.

Finance

Finding – Our audit of Police

- A receivable trial balan
- Payroll charges for Pol
payroll services render

Recommendation – A forma
addition, payroll charges be tr

Finding – Our audit of the To
plan were not updated with th

Recommendation – The To
financial report and spending

Purchasing

Finding – Our audit revealed
bid threshold were not approv

Recommendation – Purchas
threshold be approved by Tow

GENERAL COMMENTS (Continued)

Prior Year Findings Unresolved (Continued)

Departments

Finding – Our audit revealed Township fees and licenses were collected and deposited into bank accounts maintained by the Township Clerk, Uniform Construction Code and Board of Health.

Recommendation – Individual department bank accounts maintained by the Township Clerk, Uniform Construction Code and Board of Health be closed and Township fees and licenses be deposited into the Current account. In addition, a central cashier revenue collection system be implemented.

Finding – Our audit of the various Township departments revealed the following:

- Cash receipt journals are not maintained.
- Pre-numbered receipt tickets are not issued for fee and permit revenues collected.
- Monthly reports are not prepared and submitted to the Finance Office.

Recommendation – Internal controls be reviewed and implemented to establish a standardized revenue collection system for the various departments within the Township.

Current Year Findings

Finding – Our audit revealed the actuarial calculation of the claims liability for the prescription benefit plan was not available for audit.

Recommendation – Actuarial calculation for the claims liability related to the prescription benefit plan be prepared and available for audit.

Finding – Our audit revealed that quotes were not obtained for tree removal and cleaning services in excess of the quote threshold.

Recommendation – At least two (2) quotes be obtained for tree removal and cleaning services received in excess of the quote threshold.

Finding – Our audit revealed that disbursements from the COAH and Prescription Benefit accounts were not included on the approved monthly payment of bills.

Recommendation – Disbursements from COAH and Prescription Benefit accounts be included on the monthly payment of bills approved by the Township Committee.

Finding – We noted certain part-time employees appear eligible for enrollment in the Defined Contribution Retirement Program ("DCRP") that were not enrolled as of the date of our audit.

Recommendation – A review be made of all part-time employees to determine their eligibility for enrollment in the Defined Contribution Retirement System ("DCRP").

Finding – Deposit slips for fees collected by the Uniform Construction Code were not available for audit.

Recommendation – Deposit slips for fees collected by the Uniform Construction Code be retained and available for audit.

GENERAL COMMENTS (Continued)

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

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

The threshold permitted by the State of New Jersey is $17,500 unless the Township has a qualified purchasing agent. If the Township's purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (c.40A:11-9), the Township may establish a bid threshold up to $40,000. The Township approved the bid threshold to be $40,000. The Chief Financial Officer was appointed as the qualified purchasing agent.

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.

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

Rehabilitation of the Sanitary Sewer Interceptor
Window and Wall Reconstruction at the Municipal Building
ADA Bleacher Improvements at Carlock Field

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.

Our examination of expenditures did not reveal any payments, contracts or agreements in excess of the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Collection of Interest of Delinquent Taxes, Assessments and Water Charges

The statute provides the method for authorizing interest and the maximum rate 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, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes and water accounts:

"BE IT RESOLVED, by the Township Council of the Township of Rochelle Park that the Tax Collector is hereby authorized and directed to charge interest on delinquent taxes and assessments accounts as follows:

First 10 Days of Tax Payments No Penalty	
Thereafter, from the Due Date of Tax Payments for the 1st $1,500	8%
Thereafter, the Balance in Excess of $1,500	18%

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

There were no tax sales required in 2018 and 2017.

APPRECIATION

We desire to express our appreciation to the Administrator, Township Clerk, Chief Financial Officer (CFO), Assistant to the CFO and the other Township staff who assisted us during the course of our audit.

Suggestions to Management

- Payroll service provider payments of employee payroll deductions be verified to ensure proper remittance to each respective agency.

RECOMMENDATIONS

Finance

It is recommended that:

* 1. Internal control procedures be reviewed to ensure purchase orders are approved and encumbered prior to the ordering of goods or services by the various departments. In addition purchase orders be approved and encumbered for liabilities and services rendered in the Current Fund, as well as, original contract awards for Township projects in the General Capital Fund.

* 2. Escrow deposits and miscellaneous reserve account balances be reviewed and prior year inactive accounts be cleared of record.

* 3. Local fire safety inspection fee revenue be transferred from the Other Trust Fund to the Current Fund in a timely manner.

* 4. A formal trial balance be maintained for balances due from Police Outside Duty. In addition, payroll charges be transferred to the payroll account in exact amounts of the payroll services rendered.

* 5. The Township's activity in the Affordable Housing reserve account be reported in the annual financial report and spending plan required to be filed with the State.

6. Actuarial calculation for the claims liability related to the prescription benefit plan be prepared and available for audit.

Purchasing

It is recommended that:

* 1. Purchases and contracts awarded through cooperative purchasing agreements in excess of the bid threshold be approved by Township resolution.

2. At least two (2) quotes be obtained for tree removal and cleaning services received in excess of the quote threshold.

3. Disbursements from the COAH and Prescription Benefits accounts be included on the approved monthly payment of bills approved by the Township Committee.

Payroll

It is recommended that a review be made of all part-time employees to determine their eligibility for enrollment in the Defined Contribution Retirement System ("DCRP").

Municipal Court

* It is recommended that checks issued from the General and Bail accounts require at least two (2) authorized check signatures.

TOWNSHIP OF ROCHELLE PARK
LETTER OF COMMENTS AND RECOMMENDATIONS

RECOMMENDATIONS

Various Township Departments

It is recommended that:

* 1. Individual department bank accounts maintained by the Township Clerk, Uniform Construction Code and Board of Health be closed and Township fees and licenses be deposited into the Current account. In addition, a central cashier revenue collection system be implemented.

* 2. Internal controls be reviewed and implemented to establish a standardized revenue collection system for the various departments within the Township.

3. Deposit slips for fees collected by the Uniform Construction Code be retained and made available for audit.

* * * * * * * *

A review was performed on all prior year recommendations and corrective action was taken on all, except the recommendation denoted with an asterisk (*).

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

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

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

Andrew D. Parente
Certified Public Accountant
RMA Number CR00529