

Report of Audit
on the
Financial Statements
of the
Borough of Roselle
in the
County of Union
New Jersey
for the
Fiscal Year Ended
June 30, 2010

BOROUGH OF ROSELLE

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BOROUGH OF ROSELLE

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS

FINANCIAL STATEMENTS – STATUTORY BASIS

NOTES TO FINANCIAL STATEMENTS – STATUTORY BASIS

FISCAL YEARS ENDED JUNE 30, 2010 AND 2009



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements - statutory basis of the various individual funds of the Borough of Roselle, County of Union, New Jersey as of June 30, 2010 and for the fiscal year ended June 30, 2010, listed as financial statements - statutory basis in the foregoing table of contents. These financial statements - statutory basis are the responsibility of the management of the Borough of Roselle, County of Union. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards issued by the Comptroller General of the United States, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, except for the omission of a Statement of General Fixed Assets, the Borough of Roselle, County of Union, prepares its financial statements on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In our opinion, because the Borough of Roselle prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the various individual funds of the Borough of Roselle, County of Union, as of June 30, 2010 and 2009 or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the fiscal year ended June 30, 2010.

However, in our opinion, except for the omission noted in the third paragraph, the financial statements - statutory basis present fairly, in all material respects, the financial position - statutory basis of the various individual funds of the Borough of Roselle, County of Union, as of June 30, 2010 and 2009, and the results of its operations and changes in fund balance - statutory basis for the fiscal years then ended and the revenues, expenditures and changes in fund balance - statutory basis for the fiscal year ended June 30, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2011 on our consideration of the Borough of Roselle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - statutory basis taken as a whole. The information included in the schedules of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the Borough of Roselle, County of Union, New Jersey, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

June 8, 2011

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CURRENT FUND

BOROUGH OF ROSELLE

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2010</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2009</u>
<u>ASSETS</u>			
Cash	A-4	\$ 4,809,211.54	\$ 4,865,630.00
Change Fund	A-5	400.00	400.00
Due From State of New Jersey-Senior Citizens and Veterans Deductions	A-13	141,037.63	142,514.97
		<u>\$ 4,950,649.17</u>	<u>\$ 5,008,544.97</u>
Receivable and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 2,585,485.32	\$ 2,013,083.19
Tax Title Liens Receivable	A-9	10,825.01	8,871.98
Property Acquired For Taxes-Assessed Valuation	A-10	2,027,232.00	2,027,232.00
Revenue Accounts Receivable	A-11	30,276.49	29,541.69
Interfunds Receivable	A-16	98,882.87	69,719.04
Roselle Public Library Receivable	A-15	19,917.54	
	A	<u>\$ 4,772,619.23</u>	<u>\$ 4,148,447.90</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-25	\$ 39,363.69	
Overexpenditure of Appropriation Reserves	A-25	14,365.21	11,451.63
Expenditure without an Appropriation	A-25	10,028.06	21,425.65
		<u>\$ 63,756.96</u>	<u>\$ 32,877.28</u>
Grant Fund:			
Due Current Fund	A-19	\$	\$ 50,782.04
Federal and State Grants Receivable	A-7	4,505,952.52	2,080,743.81
		<u>4,505,952.52</u>	<u>2,131,525.85</u>
		<u>\$ 14,292,977.88</u>	<u>\$ 11,321,396.00</u>

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

BOROUGH OF ROSELLE

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2010</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-17	\$ 1,728,395.54	\$ 1,513,599.23
Encumbrances Payable	A-24	854,022.85	886,087.51
Prepaid Taxes	A-21	64,751.39	53,084.17
Tax Overpayments	A-6	232,250.24	104,068.70
Interfunds Payable	A-16	885,510.35	776,577.88
Sale of Municipal Assets	A-12		71,790.00
Due State of New Jersey	A-27	250,000.00	
Due State of New Jersey - DCA Fees	A-28	2,148.00	
		<u>\$ 4,017,078.37</u>	<u>\$ 3,405,207.49</u>
Reserve for Receivables and Other Assets	A	4,772,619.23	4,148,447.90
Fund Balance	A-1	997,327.76	1,638,214.76
		<u>\$ 9,787,025.36</u>	<u>\$ 9,189,870.15</u>
Grant Fund:			
Due Current Fund	A-19	\$ 62,256.21	\$
Due Trust Other Fund	A-20	150,000.00	100,000.00
Encumbrances Payable	A-26	362,623.02	132,569.25
Federal and State Grants Appropriated	A-14	3,878,851.42	1,860,612.37
Federal and State Grants Unappropriated	A-18	52,221.87	38,344.23
		<u>\$ 4,505,952.52</u>	<u>\$ 2,131,525.85</u>
		<u>\$ 14,292,977.88</u>	<u>\$ 11,321,396.00</u>

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

BOROUGH OF ROSELLECURRENT FUNDSTATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	YEAR ENDED JUNE <u>30, 2010</u>	YEAR ENDED JUNE <u>30, 2009</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,300,000.00	345,662.00
Miscellaneous Revenue Anticipated	A-2	8,042,169.34	7,276,465.82
Receipts From Delinquent Taxes	A-2	1,756,481.85	2,003,193.82
Receipts From Current Taxes	A-2	54,316,052.37	53,383,500.80
Non-Budget Revenue	A-2	153,051.83	186,197.32
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-17	1,079,527.83	1,177,753.26
Prepaid Revenue Applied	.		13,900.00
Interfunds Returned			207,615.96
<u>TOTAL INCOME</u>		\$ <u>66,647,283.22</u>	\$ <u>64,594,288.98</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:	A-3	\$ 23,272,915.25	\$ 24,741,080.00
Deferred Charges and Statutory Expenditures	A-3	1,753,972.07	519,000.00
Excluded From "CAPS"			
Other Operations	A-3	8,192,953.37	5,035,399.83
Capital Improvement Fund	A-3	25,000.00	100,000.00
Municipal Debt Service	A-3	1,971,580.48	2,996,368.57
Deferred Charges	A-3	260,000.00	
County Taxes	A-22	6,803,487.77	6,263,241.46
Due County for Added and Omitted Taxes	A-22	23,946.27	9,494.87
Local District School Tax	A-23	23,438,800.00	23,438,800.00
Expenditure without Appropriation	A-25	39,383.69	
Overexpenditure of Appropriation Reserves	A-25	14,365.21	
Refund Prior Year Revenue	A-4	404,481.70	80,916.49
Interfunds Advanced		29,183.83	
Library Advanced		19,917.54	
<u>TOTAL EXPENDITURES</u>		\$ <u>66,049,927.18</u>	\$ <u>63,184,301.22</u>
Excess Revenue		\$ 597,356.04	\$ 1,409,987.76
Adjustments to Income Before Surplus:			
Expenditures Included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-25	<u>63,756.96</u>	
Excess in Revenue		\$ 661,113.00	\$ 1,409,987.76
<u>Fund Balance</u>			
Balance, July 1	A	<u>1,836,214.76</u>	<u>571,889.00</u>
		\$ <u>2,297,327.76</u>	\$ <u>1,981,876.76</u>
Decreased by:			
Utilized As Anticipated Revenue	A-1:A-2	<u>1,300,000.00</u>	<u>345,662.00</u>
Balance, June 30	A	\$ <u>997,327.76</u>	\$ <u>1,636,214.76</u>

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

BOROUGH OF ROSELLE

CURRENT FUND

**STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED JUNE 30, 2010**

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,300,000.00	\$	\$ 1,300,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage	A-11	\$ 17,000.00	\$	\$ 14,050.00	\$ (2,950.00)
Other	A-2	15,000.00		9,277.00	(5,723.00)
Fees and Permits	A-2	150,000.00		151,723.67	1,723.67
Fines and Costs:					
Municipal Court	A-11	410,000.00		392,956.14	(17,043.86)
Interest and Costs on Taxes	A-11	410,000.00		191,020.57	(218,979.43)
Parking Meters	A-11	19,000.00		22,898.16	3,898.16
Interest on Investments and Deposits	A-11	75,000.00		34,975.82	(40,024.18)
Suburban Cable Franchise Tax	A-11	46,000.00		81,172.41	15,172.41
Consolidated Municipal Property Tax Relief Act	A-11	1,280,887.00		1,280,887.00	
Energy Receipts Tax	A-11	1,677,297.00		1,677,297.00	
Uniform Construction Code Fees	A-2	190,000.00		221,593.00	31,593.00
Body Armor Grant	A-7		1,867.40	1,867.40	
Recycling Tonnage Grant	A-7	10,879.85		10,879.85	
Municipal Alliance	A-7		17,654.28	17,654.28	
Clean Communities	A-7	27,464.38		27,464.38	
UEZ Administration Grant	A-7		70,000.00	70,000.00	
UEZ Police Patrol	A-7	143,750.09		143,750.09	
Edward Byrne Memorial Justice Grant	A-7		48,281.00	48,281.00	
Summer Food Program Grant	A-7		65,831.83	65,831.83	
NJ Stabilization Grant	A-7		2,500,000.00	2,500,000.00	
Local Public Health Emergency H1N1 Grant	A-7		71,058.00	71,058.00	
CDBG	A-7		240,273.00	240,273.00	
Library Pension Contribution	A-11	28,280.00		28,280.00	
General Capital Fund Surplus	A-11	69,415.00		69,415.00	
Uniform Fire Safety Act	A-11	20,000.00		33,343.35	13,343.35
Ambulance Revenue	A-2	300,000.00		447,880.39	147,880.39
P.I.L.O.T. East Third	A-11	18,125.00			(18,125.00)
P.I.L.O.T. West 1st Ave	A-11	5,000.00		2,750.00	(2,250.00)
P.I.L.O.T. Senior Housing Corp. 2006	A-11	66,900.00		66,900.00	
P.I.L.O.T. Senior Housing Corp. 2009	A-11	66,900.00		66,900.00	
P.I.L.O.T. Urban Renewal	A-11	55,000.00			(55,000.00)
Sale of Assets	A-12	71,790.00		71,790.00	
	A-1	\$ 5,173,686.32	\$ 3,014,965.51	\$ 8,042,169.34	\$ (146,484.49)
Receipts From Delinquent Taxes	A-2:A-8	\$ 2,000,000.00		\$ 1,756,481.85	\$ (243,518.15)
Property Tax for Support of Municipal Budget Appropriations	A-1:A-8	\$ 26,503,831.80		\$ 26,775,818.33	\$ 271,986.53
Budget Totals		\$ 34,977,520.12	\$ 3,014,965.51	\$ 37,874,469.52	\$ (118,016.11)
Non-Budget Revenue	A-1:A-2			153,051.83	153,051.83
		\$ 34,977,520.12	\$ 3,014,965.51	\$ 38,027,521.35	\$ 3,050,001.23
REF.		A-3	A-3		

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

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED JUNE 30, 2010

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Collection on a Cash Basis	A-1:A-8	\$ 54,316,052.37
Allocated To:		
School and County Taxes		<u>30,066,234.04</u>
Support of Municipal Budget Appropriations		\$ 24,249,818.33
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>2,526,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>28,775,818.33</u>
Licenses-Other:		
Borough Clerk	A-11	\$ 2,893.00
Board of Health/Vital Statistics	A-11	<u>6,384.00</u>
	A-2	\$ <u>9,277.00</u>
Fees and Permits - Other:		
Borough Clerk	A-11	\$ 11,483.99
Police Chief	A-11	10,562.35
Fire Chief	A-11	30,552.98
Engineer	A-11	585.00
Board of Health/Vital Statistics	A-11	7,082.14
Public Works	A-11	10,594.68
Planning/Zoning	A-11	17,608.81
Tax Collector	A-11	278.97
Recreation	A-11	<u>71,649.75</u>
		\$ 180,398.67
Less: Refunds	A-4	<u>8,875.00</u>
	A-2	\$ <u>151,723.67</u>
Construction Code Official		
Fees & Permits	A-11	\$ 222,477.00
Less: Refunds	A-4	<u>884.00</u>
	A-2	\$ <u>221,593.00</u>
Ambulance Fees	A-11	448,320.39
Less: Refunds	A-4	<u>440.00</u>
	A-2	\$ <u>447,880.39</u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Rent		\$ 33,189.85
Bad Check Fees		735.93
Restitution		7,825.04
Miscellaneous		65,355.47
Reimbursement of Costs		8,060.96
Unclaimed Bail		15,132.51
Senior Citizen and Veterans Administrative Fee		3,195.00
Bad Inspection Fines		12,829.58
Small Maintenance		<u>6,727.49</u>
	A-2:A-4	\$ <u>153,051.83</u>

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

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED JUNE 30, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
GENERAL GOVERNMENT						
Administrative and Executive						
Salaries and Wages						
Other Expenses	\$ 180,000.00	\$ 180,000.00	\$ 181,388.10	\$ 18,814.80	\$	\$
Borough Clerk	182,000.00	182,000.00	151,801.79	308.21		
Salaries and Wages						
Other Expenses	168,000.00	168,000.00	182,372.38	6,827.84		
Borough Council	88,000.00	88,000.00	75,482.18	10,847.81		
Salaries and Wages						
Other Expenses	88,100.00	88,100.00	88,042.88	57.31		
Human Resources	48,000.00	38,000.00	25,087.58	10,832.44		
Other Expenses						
Financial Administrator	100,000.00	100,000.00	72,433.18	27,588.82		
Salaries and Wages						
Other Expenses	250,000.00	240,000.00	228,444.84	11,586.16		
Annual Audit	90,000.00	90,000.00	88,983.74	10.26		
Assessment of Taxes	85,000.00	85,000.00	70,175.00	14,825.00		
Salaries and Wages						
Other Expenses	153,000.00	153,000.00	151,218.42	1,781.58		
Collection of Taxes (Revenue Administration)	75,000.00	75,000.00	87,208.84	7,780.16		
Salaries and Wages						
Other Expenses	55,000.00	55,000.00	53,201.05	1,788.85		
Legal Services and Costs	20,000.00	20,000.00	15,452.88	4,547.01		
Salaries and Wages						
Other Expenses	84,000.00	44,000.00	38,538.58	7,481.44		
Prosecutor	208,000.00	228,000.00	181,177.53	48,822.47		
Salaries and Wages						
Other Expenses	30,000.00	30,000.00	28,988.84	0.18		
Engineering Services and Costs	1,000.00	1,000.00		1,000.00		
Other Expenses	80,000.00	80,000.00	71,004.50	8,995.50		
Public Buildings and Grounds						
Salaries and Wages						
Other Expenses	28,000.00	28,000.00	25,003.41	998.58		
Municipal Land Use Law (N.J.S. 44-56D-1)	144,000.00	144,000.00	113,848.71	30,354.28		
Planning Board						
Salaries and Wages	10,000.00	10,000.00	8,889.88	3,000.02		
Other Expenses	5,000.00	5,000.00	2,047.02	2,852.98		
Zoning Board of Adjustment						
Salaries and Wages	128,000.00	128,000.00	128,488.28			
Other Expenses	15,000.00	15,000.00	7,180.73	7,808.27		486.25
Redevelopment Agency						
Other Expenses	20,000.00	10,000.00	1,748.00	8,252.00		
Shade Tree Commission						
Salaries and Wages	11,000.00	11,000.00	3,711.08	7,288.82		
Other Expenses	75,000.00	81,000.00	32,170.40	28,828.80		
PUBLIC SAFETY						
Fire Department						
Salaries and Wages						
Other Expenses	2,875,000.00	2,820,000.00	2,915,288.81	4,734.38		
Police Department	130,000.00	130,000.00	128,888.47	13.53		
Salaries and Wages						
Other Expenses	5,586,000.00	5,886,000.00	5,858,887.10	6,332.80		
Traffic Control-School Crossing Guards	201,100.00	211,108.00	208,781.88	2,338.14		
Salaries and Wages						
Other Expenses	180,000.00	210,008.00	208,280.38	1,708.81		
Emergency Management Services	3,880.00	3,880.00		3,880.00		
Salaries and Wages						
Other Expenses	7,500.00	7,500.00	8,282.13	1,237.87		
Streets and Roads	85,000.00	85,000.00	84,503.78	498.22		
Salaries and Wages						
Other Expenses	1,458,000.00	1,358,000.00	1,272,822.78	83,377.28		
Union County S.L.A.P. Program	124,000.00	124,000.00	110,218.48	13,781.51		
Other Expenses						
Maintenance of Vehicles	45,000.00	45,000.00	29,558.18	15,440.82		
Other Expenses						
Recycling	138,000.00	148,000.00	138,888.44	10,111.58		
Other Expenses						
Solid Waste Collection	233,000.00	233,000.00	231,538.88	1,463.12		
Other Expenses						
Snow Removal	1,780,000.00	1,880,000.00	1,443,002.84	248,897.38		
Salaries & Wages						
Other Expenses	25,000.00	25,000.00	25,000.00			
	50,000.00	50,000.00	31,688.04	18,314.88		

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

BOROUGH OF ROSELLE
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED JUNE 30, 2018

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
HEALTH AND WELFARE						
Board of Health:						
Salaries and Wages	\$ 186,000.00	\$ 200,000.00	\$ 194,660.72	\$ 5,349.28	\$	\$
Other Expenses	113,000.00	113,000.00	88,864.08	23,036.96		
RECREATION AND EDUCATION						
Community Services: (Communities Center)						
Salaries and Wages	36,000.00	35,000.00	21,394.01	13,806.99		
Other Expenses	5,000.00	5,000.00	2,736.08	2,264.94		
Recreation (Parks & Playground)						
Salaries and Wages	133,000.00	133,000.00	118,773.58	18,226.42		
Other Expenses	83,000.00	83,000.00	41,480.80	41,539.40		
Other Expenses -Outside Programs	27,000.00	27,000.00	18,878.12	8,121.88		
Municipal Court						
Salaries and Wages	280,000.00	280,000.00	277,087.06	2,812.96		
Other Expenses	28,750.00	28,750.00	20,438.87	8,314.03		
Public Employees' Occupational Safety Health Act						
Other Expenses	10,000.00	10,000.00	4,287.90	5,712.10		
Public Defender:						
Salaries and Wages	18,000.00	18,000.00	8,115.30	9,884.70		
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (N.J.A.C. 17:23-1.12)						
Construction Code Offset:						
Salaries and Wages	175,000.00	175,000.00	180,841.58	14,159.46		
Other Expenses	15,660.00	15,660.00	4,686.77	10,963.23		
Insurance:						
Group Insurance Plan for Employees	3,982,400.00	3,982,400.00	3,986,238.18	17,161.82		
Workers' Compensation (Insurance Trust Fund)	500,000.00	500,000.00	388,546.00	110,454.00		
Other Insurance Premiums	800,000.00	800,000.00	783,830.52	16,069.48		
UNCLASSIFIED						
Gasoline	190,000.00	190,000.00	199,188.37	20,811.63		
Electricity	130,000.00	155,000.00	125,780.85	29,219.15		
Natural Gas	60,000.00	70,000.00	37,012.88	32,987.12		
Telephone & Telegraph	170,000.00	170,000.00	163,740.61	6,259.39		
Street Lighting	270,000.00	270,000.00	234,623.80	35,376.20		
Fire Hydrant Service	275,000.00	275,000.00	219,283.68	55,736.32		
Heating Oil	8,000.00	8,000.00		8,000.00		
Water	10,000.00	10,000.00	4,987.18	5,002.84		
Accumulated Leave Compensation	150,000.00	150,000.00	51,986.48	98,004.52		
Salary and Wage Adjustment	382,000.00	382,000.00		382,000.00		
Municipal Services Act	8,000.00	8,000.00		5,000.00		
Contingent	5,000.00	5,000.00		5,000.00		
TOTAL OPERATIONS (INCLUDING CONTINGENT) WITHIN "CAPI"	23,286,469.00	23,272,450.00	21,627,633.33	1,645,261.62		466.26
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL						
Statutory Expenditures:						
Contribution To:						
Social Security System (O A & I)	473,000.00	473,000.00	458,124.46	16,875.52		
Police & Fireman's Retirement System of N.J.	1,027,211.11	1,027,211.11	1,027,211.11			
Public Employees Retirement System of N.J.	158,043.86	158,043.86	158,043.86			
Public Employees Retirement System of N.J. - Library	14,838.83	14,838.83	14,838.83			
State Unemployment Insurance	40,000.00	60,000.00	50,000.00			
Deferred Charges:						
Expenditure without Appropriation	21,426.86	21,426.86	21,426.86			
Overspenditure of Appropriation Reserves	11,461.83	11,461.83	11,461.83			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES- MUNICIPAL WITHIN "CAPI"	1,743,972.87	1,753,872.07	1,737,088.56	16,875.52		
TOTAL GENERAL APPROPRIATIONS WITHIN "CAPI"	\$ 25,030,442.87	\$ 25,026,422.07	\$ 23,364,720.89	\$ 1,662,137.14		\$ 466.26

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

BOROUGH OF ROSELLE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED JUNE 30, 2010

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS EXCLUDED FROM "CAPE"						
Maintenance of Free Public Library	\$ 618,200.00	\$ 618,200.00	\$ 618,200.00	\$	\$	
Sewerage District-Linden/Roselle Sewerage Authority	2,700,000.00	2,700,000.00	2,643,441.86	56,558.10		
Police Communication Operators:						
Salaries and Wages	268,000.00	270,000.00	279,882.61			9,582.61
Other Expenses	7,690.00	7,860.00	1,870.00	5,990.00		
Police & Firemen's Retirement System of N.J.	824,119.88	824,119.88	824,119.88			
Public Employees Retirement System of N.J.	161,383.16	151,383.16	161,383.16			
Public Employees Retirement System of N.J. - Library	13,440.17	13,440.17	13,440.17			
Group Insurance Plan for Employees	167,600.00	167,600.00	167,600.00			
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Animal Control Contract - City of Linden	32,000.00	32,000.00	28,878.00	2,128.00		
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES						
NJDOA - Summer Food (NJBA: 40A:4-87 586,831.83)		95,831.83	95,831.83			
Clean Communities Program	27,484.38	27,484.38	27,484.38			
Body Armor Grant (NJBA: 40A:4-87 51,867.40)		1,867.40	1,867.40			
Alcohol Education and Rehabilitation (NJBA: 40A:4-87 51,158.28)		1,158.28	1,158.28			
Municipal Alliance - Local (NJBA: 40A:4-87 54,125.00)		4,125.00	4,125.00			
Municipal Alliance - County (NJBA: 40A:4-87 516,498.00)		16,498.00	16,498.00			
UEZ Clean Team Program Grant:						
Administration - Grant (NJBA: 40A:4-87 570,000.00)		70,000.00	70,000.00			
Administration - Local Match (NJBA: 40A:4-87 580,000.00)		80,000.00	80,000.00			
Police Patrol	143,750.00	143,750.00	143,750.00			
Police Patrol Match	35,837.82	35,837.82	35,837.82			
Neighborhood (NJBA: 40A:4-87 52,500,000.00)		2,500,000.00	2,500,000.00			
Byrne Memorial Justice (NJBA: 40A:4-87 548,281.00)		48,281.00	48,281.00			
CDBG Community (NJBA: 40A:4-87 5240,273.00)		240,273.00	240,273.00			
Recycling Tonnage Grant	10,878.86	10,878.86	10,878.86			
Public Health Emergency H1N1 (NJBA: 40A:4-87 571,058.00)		71,058.00	71,058.00			
Matching Funds for Grants	66,000.00	1,875.00		1,875.00		
TOTAL OPERATIONS EXCLUDED FROM "CAPE"	5,184,428.06	6,183,380.58	6,128,715.27	66,238.10		9,582.61
Capital Improvement Fund	25,000.00	25,000.00	25,000.00			
TOTAL CAPITAL IMPROVEMENT EXCLUDED FROM "CAPE"	25,000.00	25,000.00	25,000.00			
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPE"						
Payment of Bond Principal	1,280,000.00	1,280,000.00	1,280,000.00			
Notes Principal	27,850.00	27,850.00	27,850.00			
Interest on Bonds	327,868.00	327,868.00	327,868.00			
Interest on Notes	130,000.00	130,000.00	126,887.83		92.17	
Loan Repayment for Principal & Interest (Green Trust)	13,572.00	13,572.00	13,571.86		0.38	
U C Improvement Authority Lease	182,382.00	182,382.00	182,382.00			
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPE"	1,971,673.00	1,971,673.00	1,971,589.49		92.52	
DEFERRED CHARGES						
Deferred Charge to Future Taxation Unfunded Ordinance # 2313	280,000.00	280,000.00	280,000.00			
TOTAL DEFERRED CHARGES	280,000.00	280,000.00	280,000.00			
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPE"						
	7,421,098.06	10,440,053.58	10,383,288.76	66,238.10	92.52	9,582.61
SUB-TOTAL GENERAL APPROPRIATIONS	32,481,520.12	35,488,486.63	33,748,028.63	1,728,398.54	92.52	10,028.08
RESERVE FOR UNCOLLECTED TAXES	2,528,000.00	2,528,000.00	2,528,000.00			
TOTAL GENERAL APPROPRIATIONS	\$ 34,877,520.12	\$ 37,892,486.63	\$ 36,274,028.63	\$ 1,728,398.54	\$ 92.52	\$ 10,028.08
	REF.	A-2	A-1	AA-1		A-25
Budget	A-3	\$ 34,877,520.12				
Appropriation by 40A:4-87	A-2	3,014,889.51				
		\$ 37,892,486.63				
Reserve for Grants	A-14		\$ 3,287,122.36			
Deferred Charges			32,877.28			
Reserve for Uncollected Taxes	A-2		2,528,000.00			
Encumbrance Payable	A-24		780,882.38			
Cash Disbursements	A-4		29,728,344.91			
Less Refunded	A-4		36,344,846.94			
			70,528.31			
			\$ 36,274,028.63			

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

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TRUST FUND

BOROUGH OF ROSELLETRUST FUNDBALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE JUNE 30, 2010</u>	<u>BALANCE JUNE 30, 2009</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ 9,882.31	\$ 8,214.98
Other Trust Funds:			
Cash	B-1	\$ 1,254,728.08	\$ 853,892.82
Due From County of Union	B-10	30,667.74	31,489.84
Due Current Fund	B-14	306,026.96	704,975.85
Due Federal and State Grants Fund	B-17	150,000.00	100,000.00
		\$ 1,741,422.78	\$ 1,690,358.51
		\$ 1,751,305.09	\$ 1,698,573.49
<u>LIABILITIES, RESERVES AND FUND BALANCE:</u>			
Animal Control Fund:			
Due Current Fund	B-3	\$ 5,850.22	\$ 6,122.69
Due State of New Jersey	B-4	63.40	76.00
Reserve for Expenditures	B-5	3,968.69	2,016.29
		\$ 9,882.31	\$ 8,214.98
Other Trust Funds:			
Tax Title Lien Redemption	B-2	109,546.98	92,379.76
Public Defender	B-6	19,467.69	13,889.64
Tax Sale Premiums	B-7	776,500.00	911,200.00
State Unemployment Insurance	B-8	40,123.16	58,656.95
Payroll Deductions Payable	B-9	75,063.07	109,843.44
Community Development Block Grants	B-11	25,308.24	7,887.04
Special Law Enforcement	B-12	63,948.70	63,253.91
Miscellaneous Reserves	B-13	190,013.94	145,060.27
Due General Capital Fund	B-15	426,188.00	260,000.00
Due to Public Assistance Trust Fund	B-16	840.00	840.00
Due State of New Jersey	B-18	755.00	1,010.00
Parking Offense Adjudication Act Fund	B-19	13,668.00	15,949.50
Accounts Payable	B-20		10,368.00
		\$ 1,741,422.78	\$ 1,690,358.51
		\$ 1,751,305.09	\$ 1,698,573.49

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

GENERAL CAPITAL FUND

"C"

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2010</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2009</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,222,839.60	\$ 3,082,533.59
Grants Accounts Receivable	C-7	6,527,708.55	6,667,313.00
Due Other Trust Fund	C-13	426,188.00	260,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	6,701,276.00	8,002,454.00
Unfunded	C-5	14,848,029.80	13,606,422.00
Due Current Fund	C-15	<u>579,483.39</u>	<u> </u>
		\$ <u>30,305,525.34</u>	\$ <u>31,618,722.59</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-11	\$ 6,590,000.00	\$ 7,880,000.00
Green Acres Loan Payable	C-9	111,276.00	122,454.00
Bond Anticipation Notes	C-14	5,336,981.00	5,364,831.00
Due Current Fund	C-15		14,861.25
Capital Improvement Fund	C-6	373,540.00	417,340.00
Contracts Payable	C-10	2,645,746.22	723,303.85
Reserve for Grants Receivable	C-7	3,144,445.80	3,055,000.00
Reserve for the Payment of Debt	C-12	6,118.00	6,118.00
Improvement Authorizations:			
Funded	C-8	2,372,129.04	3,011,043.56
Unfunded	C-8	9,702,086.38	10,954,355.88
Fund Balance	C-1	<u>23,202.90</u>	<u>69,415.05</u>
		\$ <u>30,305,525.34</u>	\$ <u>31,618,722.59</u>

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

BOROUGH OF ROSELLE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	
Balance, June 30, 2009	C	\$ 69,415.05
Increased by:		
Premium on Bond Anticipation Notes Issued	C-2	<u>23,202.85</u>
		\$ 92,617.90
Decreased by:		
Appropriation to Finance Improvement Authorization	C-2	<u>69,415.00</u>
Balance, June 30, 2010	C	<u><u>\$ 23,202.90</u></u>

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

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AFFORDABLE HOUSING UTILITY FUND

BOROUGH OF ROSELLE
AFFORDABLE HOUSING UTILITY FUND
BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2010</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2009</u>
Operating Fund:			
Cash	D-4	\$ 175,908.47	\$ 140,157.15
Receivables with Full Reserves:			
Rental Income Receivable	D:D-5	36,833.00	77,686.00
Deferred Charges:			
Overexpenditure of Appropriation Reserves	D-15		14,206.35
<u>Total Operating Fund</u>		<u>\$ 212,741.47</u>	<u>\$ 232,049.50</u>
Capital Fund:			
Cash	D-4	\$ 15,000.00	15,000.00
Fixed Capital	D-9	5,000.00	5,000.00
Due from Affordable Housing Utility Operating Fund	D	5,000.00	5,000.00
<u>Total Capital Fund</u>		<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>
		<u>\$ 237,741.47</u>	<u>\$ 257,049.50</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3:D-8	\$ 7,812.37	18,904.60
Accounts Payable	D-8	2,465.02	6,884.20
Prepaid Rents	D-16	1,043.00	
Due Current Fund	D-13	30,776.44	28,735.10
Due Affordable Housing Utility Capital Fund	D:D-14	5,000.00	5,000.00
Operating Security Deposits	D-12	112.20	762.20
Tenant Security Deposits	D-7	23,956.80	22,743.16
Reserve for Receivables	D	71,165.83	83,029.26
Fund Balance	D-1	104,742.64	71,334.24
<u>Total Operating Fund</u>		<u>\$ 212,741.47</u>	<u>\$ 232,049.50</u>
Capital Fund:			
Capital Improvement Fund	D-11	\$ 20,000.00	20,000.00
Reserve for Amortization	D-10	5,000.00	5,000.00
<u>Total Capital Fund</u>		<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>
		<u>\$ 237,741.47</u>	<u>\$ 257,049.50</u>

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

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

	<u>REF.</u>	YEAR ENDED JUNE <u>30, 2010</u>	YEAR ENDED JUNE <u>30, 2009</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Rents	D-2	\$ 258,446.00	\$ 258,714.00
Miscellaneous	D-2	2,567.80	3,634.74
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-8	7,514.80	
Outstanding Check Voided	D-4	<u>32,366.49</u>	
<u>TOTAL INCOME</u>		\$ <u>300,895.09</u>	\$ <u>262,348.74</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D-3	\$ 137,000.00	\$ 137,000.00
Deferred Charges and Statutory Expenditures	D-3	14,206.35	
Debt Service	D-3	105,397.50	106,272.50
Refund of Prior Years' Revenue	D-4	<u>10,882.84</u>	
<u>TOTAL EXPENDITURES</u>		\$ <u>267,486.69</u>	\$ <u>243,272.50</u>
Excess in Revenue		\$ 33,408.40	\$ 19,076.24
<u>FUND BALANCE</u>			
Balance, July 1	D	<u>71,334.24</u>	<u>52,258.00</u>
Balance, June 30	D	\$ <u>104,742.64</u>	\$ <u>71,334.24</u>

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

BOROUGH OF ROSELLE
AFFORDABLE HOUSING UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED JUNE 30, 2010

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Rents	D-1:D-5	\$ 253,604.50	\$ 238,567.00	(17,037.50)
Prior Year Rents	D-1:D-5		21,879.00	21,879.00
Miscellaneous	D-1:D-2	<u>3,000.00</u>	<u>2,567.80</u>	<u>(432.20)</u>
	D-3	\$ <u>256,604.50</u>	\$ <u>261,013.80</u>	<u>4,409.30</u>

ANALYSIS OF REALIZED REVENUE

Miscellaneous:		
Late Fees	\$	580.00
Laundry Fees		1,326.75
Miscellaneous		<u>661.05</u>
	D-2:D-4	\$ <u>2,567.80</u>

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

BOROUGH OF ROSELLE
AFFORDABLE HOUSING UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED JUNE 30, 2010

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:					
Other Expenses	\$ 137,000.00	\$ 137,000.00	\$ 129,187.63	\$ 7,812.37	
<u>Total Operating</u>	<u>137,000.00</u>	<u>137,000.00</u>	<u>129,187.63</u>	<u>7,812.37</u>	
Deferred Charges					
Overexpenditure of Appropriation Reserves	14,207.00	14,207.00	14,206.35		0.65
Debt Service:					
UCIA: Principal and Interest on Lease Payments	105,397.50	105,397.50	105,397.50		
<u>Total Debt Service</u>	<u>105,397.50</u>	<u>105,397.50</u>	<u>105,397.50</u>		
	<u>\$ 256,604.50</u>	<u>\$ 256,604.50</u>	<u>\$ 248,791.48</u>	<u>\$ 7,812.37</u>	<u>0.65</u>
	REF.	D-2	D-1	D:D-1	
Cash Disbursements	D-4				
Accounts Payable	D-6		\$ 232,120.11		
Overexpenditure of Appropriation Reserves	D-15		2,465.02		
			<u>14,206.35</u>		
			<u>\$ 248,791.48</u>		

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

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PUBLIC ASSISTANCE TRUST FUND

"E"

BOROUGH OF ROSELLE
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2010</u>	<u>BALANCE</u> <u>JUNE</u> <u>30, 2009</u>
<u>ASSETS</u>			
Cash-P.A.T.F. I	E-1	\$ 12,960.34	\$ 12,960.34
Due Trust Other Fund		<u>840.00</u>	<u>840.00</u>
		<u>\$ 13,800.34</u>	<u>\$ 13,800.34</u>
<u>LIABILITIES</u>			
Reserve for Public Assistance - P.A.T.F. I		<u>\$ 13,800.34</u>	<u>\$ 13,800.34</u>
		<u>\$ 13,800.34</u>	<u>\$ 13,800.34</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF ROSELLE

**NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2010 AND 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Roselle conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Roselle are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at June 30 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at June 30th of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at June 30 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. General fixed assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal. However the fixed assets records have not been currently maintained and are incomplete, and, accordingly, have not included such information in its financial statements.

Fixed Capital – Affordable Housing Utilities – Accounting for utility fund "fixed capital" remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

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

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the C.L.A.S.S. and certificates of deposit as cash and cash equivalents.

A. Deposits

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

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

The Borough of Roselle had the following cash and cash equivalents at June 30, 2010:

<u>FUND</u>	<u>Cash on Deposit</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>TOTAL</u>
Current Fund	\$ 6,787,803.76	\$ 70,998.21	\$ (2,049,590.43)	\$ 4,809,211.54
Animal Control Trust Fund	9,995.11		(112.80)	9,882.31
Trust Other Fund	1,463,823.34	13.73	(209,108.99)	1,254,728.08
General Capital Fund	1,390,493.22		(167,653.62)	1,222,839.60
Low Income Housing Utility Operating Fund	178,604.29		(2,695.82)	175,908.47
Low Income Housing Utility Capital Fund	15,000.00			15,000.00
Public Assistance Trust Fund	12,960.34			12,960.34
<u>TOTAL JUNE 30, 2010</u>	\$ <u>9,858,680.06</u>	\$ <u>71,011.94</u>	\$ <u>(2,429,161.66)</u>	\$ <u>7,500,530.34</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2010, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$9,571,046.99 was covered by Federal Depository Insurance and \$250,000.00 was covered by NJ GUDPA and \$37,633.07 was on deposit in the Municipal Investors Service Corporation Assets Management Program (MBIA Class).

B. Investments

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

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

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

As of June 30, 2010, the Borough had \$37,633.07 on deposit with the Municipal Investors Service Corporation Assets Management Program (MBIA Class). Based upon the limitation set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Borough is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds. A summary of bond and loan transactions for the year ended June 30, 2010 are detailed on Exhibits "C-11" and "C-14".

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

	<u>YEAR 2010</u>	<u>YEAR 2009</u>	<u>YEAR 2008</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 12,038,257.00	\$ 13,367,285.00	\$ 12,172,412.00
Less Funds Temporarily Held to			
Pay Bonds and Notes	<u>213,118.00</u>	<u>213,118.00</u>	<u>161,368.00</u>
Net Debt Issued	\$ <u>11,825,139.00</u>	\$ <u>13,154,167.00</u>	\$ <u>12,011,044.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$ <u>9,718,048.80</u>	\$ <u>8,422,591.00</u>	\$ <u>8,254,000.00</u>
Net Bonds and Notes Issued			
and Authorized But Not Issued	\$ <u>21,543,187.80</u>	\$ <u>21,576,758.00</u>	\$ <u>20,265,044.00</u>

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT AS OF JUNE 30, 2010)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.18%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
General Debt	\$ <u>21,756,305.80</u>	\$ <u>213,118.00</u>	\$ <u>21,543,187.80</u>
	\$ <u>\$21,756,305.80</u>	\$ <u>\$213,118.00</u>	\$ <u>\$21,543,187.80</u>

NET DEBT \$21,543,187.80 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, \$1,820,742,067.00 EQUALS 1.18 %.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - June 30, 2010	\$ 1,820,742,067.00
3-1/2 of Equalized Valuation Basis	63,725,972.35
Net Debt	<u>21,543,187.80</u>
Remaining Borrowing Power	\$ <u>42,182,784.55</u>

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

CALCULATION OF SELF-LIQUIDATING PURPOSE-
AFFORDABLE HOUSING UTILITY PER N.J.S.40A:2-45

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year	\$ 261,013.80
Deductions:	
Operating and Maintenance Cost	\$ 137,000.00
Debt Service	<u>105,397.50</u>
Total Deductions	<u>242,397.50</u>
Excess in Revenue	\$ <u>18,616.30</u>