

Report of Audit
on the
Financial Statements
of the
Borough of Kenilworth
in the
County of Union
New Jersey
for the
Year Ended
December 31, 2019

BOROUGH OF KENILWORTH

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BOROUGH OF KENILWORTH

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2019 AND 2018



SUPLEE, CLOONEY & COMPANY
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Kenilworth
County of Union
Kenilworth, New Jersey 07033

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Kenilworth, as of December 31, 2019 and 2018, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 Borough of Kenilworth'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 Borough of Kenilworth'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 regulatory financial statements.

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Kenilworth on the basis of the financial reporting provisions 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 requirements of New Jersey.

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 the various individual funds and account group of the Borough of Kenilworth as of December 31, 2019 and 2016, the results of its operations and changes in fund balance for the years then ended, the statement of revenues or statement of expenditures for the year ended December 31, 2019.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2019 and 2018, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Kenilworth's regulatory financial statements. The supplementary information, schedules and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information, schedules and data listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, schedules and data listed in the table of contents are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2020 on our consideration of the Borough of Kenilworth'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Kenilworth's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 31, 2020



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**INDEPENDENT AUDITOR'S 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**

The Honorable Mayor and Members
of the Borough Council
Borough of Kenilworth
County of Union
Kenilworth, New Jersey 07033

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Kenilworth, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated August 31, 2020. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Kenilworth prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, there were immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of the audit report.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Kenilworth's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Kenilworth's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 31, 2020

CURRENT FUND

BOROUGH OF KENILWORTH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
<u>ASSETS</u>			
Current Fund			
Cash	A-4	\$ 4,525,760.45	\$ 5,452,638.42
Cash - Change Fund	A-12	250.00	250.00
Due State of New Jersey - Senior Citizens and Veterans Deductions	A-6	<u>4,759.32</u>	<u>6,473.71</u>
		\$ <u>4,530,769.77</u>	\$ <u>5,459,362.13</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 353,554.46	\$ 378,870.90
Tax Title Liens Receivable	A-8	4,492.84	3,353.10
Property Acquired for Taxes - Assessed Value	A-9	157,200.00	157,200.00
Revenue Accounts Receivable	A-10	11,998.38	8,627.86
Interfunds Receivable	A-13	792,069.68	46,662.25
Prepaid Local School Tax	A-2		<u>357,034.00</u>
	A	\$ <u>1,319,315.36</u>	\$ <u>951,748.11</u>
Deferred Charges:			
Special Emergency N.J.S.A. 40A:4-55	A-26	\$ <u>30,000.00</u>	\$ <u>45,000.00</u>
		\$ <u>30,000.00</u>	\$ <u>45,000.00</u>
		\$ <u>5,880,085.13</u>	\$ <u>6,456,110.24</u>
Grant Fund:			
Cash	A-4	\$ 213,963.64	\$ 371,804.57
Grants Receivable	A-24	1,038,887.17	996,911.93
Interfunds Receivable	A-27	<u>520,845.79</u>	<u>420,845.79</u>
		\$ <u>1,773,696.60</u>	\$ <u>1,789,562.29</u>
		\$ <u>7,653,781.73</u>	\$ <u>8,245,672.53</u>

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

BOROUGH OF KENILWORTH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 927,973.56	\$ 503,610.84
Accounts Payable	A-21	53,593.68	50,933.78
Encumbrances Payable	A-28	349,115.87	216,171.39
Prepaid Taxes	A-16	164,708.19	174,515.23
Interfunds Payable	A-13	117,095.79	852,724.87
County Taxes Payable	A-18	18,675.50	12,773.10
Reserve for LOSAP Contribution	A-14	40,104.59	40,104.59
Reserve for Elevator Inspection Agency Fee	A-29	34,949.00	34,949.00
Reserve for Tax Map	A-25	4,826.88	4,826.88
Reserve for Revaluation	A-15	8,525.50	8,525.50
Reserve for Master Plan	A-30	59,237.50	59,237.50
Reserve for Tax Appeals	A-5	152,304.26	92,304.26
Reserve for Purchase of Video Equipment	A-22	2,304.79	2,304.79
Local School Tax Payable	A-19	154,335.58	
		<u>\$ 2,087,750.69</u>	<u>\$ 2,052,981.73</u>
Reserve for Receivables	A	1,319,315.36	951,748.11
Fund Balance	A-1	<u>2,473,019.08</u>	<u>3,451,380.40</u>
		<u>\$ 5,880,085.13</u>	<u>\$ 6,456,110.24</u>
Grant Fund:			
Reserve for:			
Grants-Appropriated	A-20	1,647,263.66	1,638,158.49
Grants-Unappropriated	A-23	32,219.73	
Interfunds Payable	A-27	6,281.01	6,281.01
Encumbrances Payable	A-28	<u>87,932.20</u>	<u>145,122.79</u>
		<u>1,773,696.60</u>	<u>1,789,562.29</u>
		<u>\$ 7,653,781.73</u>	<u>\$ 8,245,672.53</u>

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2019</u>	<u>YEAR ENDED DECEMBER 31, 2018</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-2	\$ 1,800,689.06	\$ 1,670,689.06
Miscellaneous Revenue Anticipated	A-2	2,797,605.51	3,497,338.67
Receipts From Delinquent Taxes	A-2	378,620.90	445,853.77
Receipts From Current Taxes	A-2	41,064,006.20	39,769,702.81
Non-Budget Revenue	A-2	38,321.98	77,864.35
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	333,376.28	719,036.27
Statutory Excess Dog License Fund	A-13	3,882.74	3,412.56
<u>Total Income</u>		<u>\$ 46,416,502.67</u>	<u>\$ 46,183,897.49</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS"	A-3	\$ 11,467,449.00	\$ 11,051,790.00
Deferred Charges and Statutory			
Expenditures-Municipal	A-3	1,434,867.00	1,414,072.03
Operations Excluded From "CAPS"	A-3	1,899,173.43	2,309,490.65
Capital Improvement Fund	A-3	65,000.00	100,000.00
Municipal Debt Service	A-3	1,189,497.50	1,206,876.58
Deferred Charges	A-3	15,000.00	15,000.00
County Taxes	A-18	8,019,614.16	7,555,715.80
County Share of Added and Omitted Taxes	A-18	18,675.50	12,773.10
Local District School Tax	A-19	20,734,927.00	20,544,920.00
Interfunds Advanced		745,407.43	4,689.76
Refund of Prior Year Revenue	A-4	4,563.91	9,779.13
<u>Total Expenditures</u>		<u>\$ 45,594,174.93</u>	<u>\$ 44,582,141.05</u>
Excess in Revenue		\$ 822,327.74	\$ 1,601,756.44
Statutory Excess to Fund Balance		\$ 822,327.74	\$ 1,601,756.44
Fund Balance, January 1	A	3,451,380.40	3,520,313.02
		\$ 4,273,708.14	\$ 5,122,069.46
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	1,800,689.06	1,670,689.06
Fund Balance, December 31	A	<u>\$ 2,473,019.08</u>	<u>\$ 3,451,380.40</u>

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

			ANTICIPATED		
			SPECIAL		
			N.J.S.		
			40A-4-87		
	REF.	BUDGET		REALIZED	EXCESS/ DEFICIT
Miscellaneous:					
Licenses:					
Alcoholic Beverage	A-10	\$ 18,900.00	\$	19,030.00	130.00
Other	A-2	28,000.00		29,713.25	1,713.25
Fees and Permits:					
Other	A-2	55,200.00		223,839.00	168,639.00
Fines and Costs-Municipal Court	A-10	180,000.00		152,002.55	(27,997.45)
Interest and Costs on Taxes	A-10	57,000.00		101,040.89	44,040.89
Interest on Investments	A-10	4,000.00		66,260.00	62,260.00
Cable T.V. Franchise Tax	A-10	121,426.67		121,426.67	0.00
Uniform Construction Code Fees	A-2	210,000.00		135,458.00	(74,542.00)
Trailer Storage Fees	A-10	5,900.00		7,500.00	1,600.00
Uniform Fire Safety Act - Local Fees	A-10	13,900.00		34,565.00	20,665.00
Energy Receipts Tax	A-10	996,188.00		996,388.00	200.00
Municipal Alliance	A-24	18,255.00		18,255.00	0.00
Uniform Fire Safety Act	A-10	33,000.00		51,126.88	18,126.88
Hotel Occupancy Tax	A-10	100,000.00		92,639.64	(7,360.36)
Outside Police Duty Administrative Fees	A-10	13,000.00		26,933.90	13,933.90
Outside Police Duty Use of Vehicles Fees	A-10	22,000.00		51,602.80	29,602.80
School Resource Officer	A-10	69,000.00		76,015.50	7,015.50
	A-1	\$ 2,406,055.51	\$ 123,488.59	\$ 2,797,605.51	\$ 268,061.41
Receipts From Delinquent Taxes	A-1	\$ 250,000.00	\$	378,620.90	128,620.90
Property Tax for Support of Municipal Budget					
Appropriations-Local Tax for Municipal Purposes	A-2-A-7	\$ 11,832,587.27	\$	12,413,811.04	581,223.77
Minimum Library Tax	A-2-A-7	508,166.50		508,166.50	
		\$ 12,340,753.77	\$ 0.00	\$ 12,921,977.54	\$ 581,223.77
<u>Budget Totals</u>		\$ 16,797,498.34	\$ 123,488.59	\$ 17,898,893.01	\$ 977,906.08
Non-Budget Revenues	A-1:A-2			38,321.98	38,321.98
		\$ 16,797,498.34	\$ 123,488.59	\$ 17,937,214.99	\$ 1,016,228.06
	REF.	A-3	A-3		

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collections on a Cash Basis	A-1:A-7	\$ 41,064,006.20
Allocated to:		
School and County Taxes		<u>28,992,028.66</u>
Support of Municipal Budget Appropriations		\$ 12,071,977.54
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>850,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>12,921,977.54</u>
Licenses:		
Clerk	A-10	\$ 6,210.00
Board of Health	A-10	<u>23,503.25</u>
	A-2	\$ <u>29,713.25</u>
Fees and Permits Other:		
Police Department	A-10	\$ 3,493.00
Fire Department	A-10	14,610.00
Street Opening	A-10	192,770.00
Planning Board	A-10	9,190.00
Board of Health	A-10	2,201.00
Clerk	A-10	<u>1,745.00</u>
	A-2	\$ 224,009.00
Less: Refunds	A-4	<u>170.00</u>
	A-2	\$ <u>223,839.00</u>
Construction Code Fees	A-10	\$ 135,484.00
Less: Refunds	A-4	<u>26.00</u>
	A-2	\$ <u>135,458.00</u>
<u>ANALYSIS OF NON-BUDGET REVENUE</u>		
Miscellaneous Revenue Not Anticipated:		
Industrial Waste Charge		\$ 2,894.00
Interlocal PERS Reimbursement		5,220.70
Senior Citizens and Veterans Due State - Administrative Fee		1,224.58
Miscellaneous		<u>28,982.70</u>
	A-2 A-4	\$ <u>38,321.98</u>

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>OPERATIONS WITHIN "CAPS"</u>	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>GENERAL GOVERNMENT</u>					
Mayor and Council:					
Salaries and Wages	\$ 3,750.00	\$ 3,750.00	\$ 3,750.00	\$	
Other Expenses	13,000.00	13,000.00	10,553.58	2,446.42	
Municipal Clerk:					
Salaries and Wages	178,000.00	178,000.00	176,388.31	1,611.69	
Other Expenses	52,500.00	52,500.00	39,046.86	13,453.14	
Tax and Finance Office:					
Salaries and Wages	218,000.00	221,000.00	217,356.38	3,643.62	
Other Expenses	56,540.00	56,540.00	55,644.42	895.58	
Audit Services:					
Assessment of Taxes:					
Salaries and Wages	31,000.00	31,000.00	29,925.00	1,075.00	
Other Expenses	35,000.00	35,000.00	34,521.80	478.20	
Payroll and Human Resources:					
Other Expenses	12,725.00	12,725.00	2,701.80	10,023.20	
Public Defender:					
Salaries and Wages	29,000.00	37,000.00	32,726.57	4,273.43	
Other Expenses	100.00	100.00		100.00	
Legal Services and Costs:					
Other Expenses - Retainer:					
Other Expenses	4,500.00	4,500.00		4,500.00	
Engineering Services and Costs:					
Salaries and Wages	35,990.00	35,990.00	5,998.34	29,991.66	
Other Expenses	110,000.00	120,000.00	115,791.32	4,208.68	
Salaries and Wages	100.00	100.00		100.00	
Other Expenses	135,500.00	155,500.00	148,930.99	6,569.01	
Municipal Court:					
Salaries and Wages	170,000.00	170,000.00	142,543.50	27,456.50	
Other Expenses	18,000.00	18,000.00	11,196.07	6,801.93	
Grounds and Buildings:					
Salaries and Wages	1,000.00	1,000.00		1,000.00	
Other Expenses	119,500.00	119,500.00	82,069.45	37,430.55	
Planning Board:					
Salaries and Wages	6,000.00	6,000.00	5,200.00	800.00	
Other Expenses	25,000.00	25,000.00	23,714.37	1,285.63	
Shade Tree Commission:					
Other Expenses	81,500.00	184,500.00	162,127.43	22,372.57	
Insurance:					
Other Insurance	500,000.00	500,000.00	478,210.90	21,789.10	
Employee Group Health Insurance	2,320,000.00	2,245,000.00	2,124,420.55	120,579.45	
Health Benefit Waiver	25,000.00	25,000.00	19,310.15	5,689.85	
Unemployment Compensation Insurance	100.00	100.00	(159.75)	259.75	
<u>PUBLIC SAFETY</u>					
Fire:					
Salaries and Wages	8,100.00	8,100.00	7,913.76	186.24	
Other Expenses	356,434.00	351,434.00	340,686.39	10,747.61	
Fire Prevention Bureau:					
Salaries and Wages	100,700.00	100,700.00	98,037.30	2,662.70	
Other Expenses	17,000.00	17,000.00	3,375.37	13,624.63	
Construction Code Official:					
Salaries and Wages	112,000.00	112,000.00	106,083.44	5,916.56	
Other Expenses	6,400.00	6,400.00	5,023.84	1,376.16	

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>PUBLIC SAFETY (CONTINUED)</u>					
Building Inspector					
Salaries and Wages	\$ 34,000.00	34,000.00	\$ 27,109.60	\$ 6,890.40	\$
Other Expenses	500.00	500.00		500.00	
Plumbing Inspector					
Salaries and Wages	17,000.00	17,000.00	14,865.83	2,134.17	
Other Expenses	200.00	200.00		200.00	
Electrical Inspector					
Salaries and Wages	17,000.00	17,000.00	15,879.71	1,120.29	
Other Expenses	200.00	200.00		200.00	
Fire Protection Official					
Salaries and Wages	15,000.00	15,000.00	13,835.32	1,164.68	
Other Expenses	200.00	200.00		200.00	
Zoning Enforcement Officer					
Salaries and Wages	14,500.00	14,500.00	14,420.00	80.00	
Other Expenses	500.00	500.00	266.95	213.05	
Police:					
Salaries and Wages	3,280,570.00	3,280,570.00	3,222,464.79	58,105.21	
Other Expenses	228,815.00	228,815.00	220,710.30	8,104.70	
Traffic Control and School Guards					
Salaries and Wages	187,500.00	187,500.00	176,293.96	11,206.04	
Other Expenses	45,900.00	45,900.00	38,108.59	7,791.41	
Emergency Management Services					
Salaries and Wages	6,100.00	6,100.00	4,120.00	1,980.00	
Other Expenses	18,000.00	18,000.00	17,000.00	1,000.00	
First Aid Organization Contribution	17,500.00	17,500.00	15,000.00	2,500.00	
Municipal Prosecutor:					
Salaries and Wages	100.00	100.00		100.00	
Other Expenses	16,000.00	16,000.00	15,000.00	1,000.00	
<u>STREETS AND ROADS</u>					
Road Repairs and Maintenance					
Salaries and Wages	817,090.00	817,090.00	803,676.31	13,413.69	
Other Expenses	151,500.00	107,500.00	101,567.68	5,932.32	
Snow Removal					
Other Expenses	1,000.00	10,000.00	10,000.00		
<u>SANITATION</u>					
Garbage and Trash:					
Salaries and Wages	253,000.00	253,000.00	229,897.09	23,102.91	
Other Expenses	52,950.00	52,950.00	22,036.42	30,913.58	
Recycling:					
Other Expenses	275,100.00	207,100.00	200,429.45	6,670.55	
Sewer System:					
Other Expenses	32,000.00	32,000.00	28,336.13	3,663.87	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	70,000.00	70,000.00	62,587.99	7,412.01	
Other Expenses	28,315.00	28,315.00	9,952.98	18,362.02	
Dog and Cat Regulation:					
Other Expenses	13,270.00	13,270.00	670.00	12,600.00	
Administration of Public Assistance					
Salaries and Wages	17,000.00	17,000.00	12,693.50	4,306.50	
Other Expenses	3,500.00	3,500.00	851.32	2,648.68	

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATIONS WITHIN "CAPS" (CONTINUED)	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
RECREATION AND EDUCATION					
Parks and Playgrounds					
Salaries and Wages	\$ 37,000.00	37,000.00	\$ 27,156.38	\$ 9,843.62	\$
Other Expenses	31,100.00	31,100.00	22,637.87	8,462.13	
Senior Citizens Director					
Salaries and Wages	14,000.00	14,000.00	7,388.86	6,611.14	
Other Expenses	8,500.00	8,500.00	8,036.86	463.14	
Senior Citizens Transportation					
Salaries and Wages	20,000.00	20,000.00	15,761.09	4,238.91	
Other Expenses	2,000.00	2,000.00	332.40	1,667.60	
Parks					
Other Expenses	7,000.00	7,000.00	7,000.00		
Celebration of Public Events Anniversary or Holiday					
Other Expenses	30,000.00	30,000.00	17,224.09	12,775.91	
Beautification					
Other Expenses	2,000.00	2,000.00	2,000.00		
UNCLASSIFIED					
Retirement and Accumulated Leave Compensation	100.00	20,100.00	20,000.00	100.00	
UTILITIES					
Other Utilities	295,000.00	289,000.00	239,562.05	49,417.95	
Street Lighting	172,000.00	172,000.00	110,279.64	61,720.36	
Fire Hydrant Services	142,000.00	142,000.00	108,573.91	33,426.09	
Solid Waste Disposal	310,000.00	335,000.00	314,123.46	20,876.54	
TOTAL OPERATIONS (INCLUDING CONTINGENT) WITHIN "CAPS"	\$ 11,467,449.00	\$ 11,467,449.00	\$ 10,660,960.47	\$ 806,488.53	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	325,000.00	325,000.00	309,056.98	15,943.02	
Police and Firemen's Retirement System of NJ	769,389.00	769,389.00	769,386.00	3.00	
State Unemployment Insurance	20,000.00	20,000.00	20,000.00		
Public Employees' Retirement System	312,478.00	312,478.00	312,477.00	1.00	
DCRP	8,000.00	8,000.00	6,506.17	1,493.83	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 1,434,867.00	\$ 1,434,867.00	\$ 1,417,426.15	\$ 17,440.85	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 12,902,316.00	\$ 12,902,316.00	\$ 12,078,406.62	\$ 823,909.38	\$
OTHER OPERATIONS-EXCLUDED FROM "CAPS"					
Rahway Valley Sewerage Authority - Share of Costs	\$ 1,052,978.00	1,052,978.00	\$ 1,052,977.00	\$ 1.00	\$
Maintenance of Free Public Library	508,166.00	508,166.00	489,102.82	39,063.18	
Reserve for Tax Appeals	60,000.00	60,000.00	60,000.00		
LOSAP	65,000.00	65,000.00		65,000.00	
Municipal Alliance Grant:					
State Share	18,255.00	18,255.00	18,255.00		
Local Share	8,000.00	8,000.00	8,000.00		
Union County KIDS Recreation Trust	50,000.00	50,000.00	50,000.00		
NJCCN Health Kids Initiative	13,285.84	13,285.84	13,285.84		
Federal Bullet Proof Vest Program (N.J.S.A. 40A:4-87 \$2,688.59)		2,688.59	2,688.59		
Union County Infrastructure Grant (N.J.S.A. 40A:4-87 \$65,000.00)		65,000.00	65,000.00		
Union County Heart Grant (N.J.S.A. 40A:4-87 \$4,800.00)		4,800.00	4,800.00		
Union County Kids Trust Grant Program (N.J.S.A. 40A:4-87 \$48,000.00)		48,000.00	48,000.00		
Greening Union County (N.J.S.A. 40A:4-87 \$3,000.00)		3,000.00	3,000.00		
TOTAL OPERATIONS-EXCLUDED FROM "CAPS"	\$ 1,775,684.84	\$ 1,899,173.43	\$ 1,795,109.25	\$ 104,064.18	\$

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
CAPITAL IMPROVEMENT FUND	\$ 65,000.00	65,000.00	\$ 65,000.00	\$	\$
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	975,000.00	975,000.00	975,000.00		
Interest on Bonds	214,497.50	214,497.50	214,497.50		
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	1,189,497.50	1,189,497.50	1,189,497.50		
DEFERRED CHARGES MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges					
Special Emergency Authorizations - 5 Years	15,000.00	15,000.00	15,000.00		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,045,182.34	3,168,670.93	3,064,606.75	104,064.18	
SUB-TOTAL GENERAL APPROPRIATIONS	15,947,498.34	16,070,986.93	15,143,013.37	927,973.56	
RESERVE FOR UNCOLLECTED TAXES	850,000.00	850,000.00	850,000.00		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL	\$ 16,797,498.34	\$ 16,920,986.93	\$ 15,993,013.37	\$ 927,973.56	\$
REF.	A-2		A-1	A-A-1	
Appropriation by 40A:4-87	A-2	\$ 123,488.59			
Budget	A-3	16,797,498.34			
		\$ 16,920,986.93			
Grants Appropriated	A-20		\$ 213,029.43		
Reserve for Uncollected Taxes	A-2		850,000.00		
Encumbrances Payable	A-28		349,115.87		
Reserve for Tax Appeals	A-5		60,000.00		
Deferred Charge	A-25		15,000.00		
Disbursed	A-4		14,934,320.18		
			\$ 16,421,465.48		
Less: REIMBURSED	A-4		428,452.11		
			\$ 15,993,013.37		

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

TRUST FUND

"B"

BOROUGH OF KENILWORTH

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-2-B-3	\$ 137,716.50	\$ 119,852.87
Assessment Receivable	B-6	17,490.89	35,354.52
		<u>\$ 155,207.39</u>	<u>\$ 155,207.39</u>
Animal Control Fund:			
Cash	B-2	\$ 27,511.75	\$ 23,898.20
		<u>\$ 27,511.75</u>	<u>\$ 23,898.20</u>
Other Funds:			
Cash	B-2	\$ 521,847.71	\$ 908,879.21
Due Federal and State Grant Fund	B-12	6,281.01	6,281.01
Other Receivable	B-15	1,908.15	1,908.15
Due General Capital	B-16	500,002.50	2,502.50
Deferred Charge:			
Overexpended Reserve	B-17		
		<u>\$ 1,030,039.37</u>	<u>\$ 919,570.87</u>
		<u>\$ 1,212,758.51</u>	<u>\$ 1,098,676.46</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Due General Capital Fund	B-9	\$ 133,107.91	\$ 133,107.91
Due Current Fund	B-14	18,395.15	18,395.15
Fund Balance	B-1	3,704.33	3,704.33
		<u>\$ 155,207.39</u>	<u>\$ 155,207.39</u>
Animal Control Fund:			
Due Current Fund	B-13	\$ 17,201.55	\$ 13,318.81
Due State of New Jersey	B-5		
Reserve for Expenditures	B-4	10,310.20	10,579.39
		<u>\$ 27,511.75</u>	<u>\$ 23,898.20</u>
Other Funds:			
Due Current Fund	B-11	\$ 87,399.23	\$ 14,948.29
Reserve For:			
State Unemployment Insurance	B-7	40,159.66	43,709.04
Miscellaneous Deposits	B-8	813,468.55	839,395.85
Payroll Deductions Payable	B-10	89,011.93	21,517.69
		<u>\$ 1,030,039.37</u>	<u>\$ 919,570.87</u>
		<u>\$ 1,212,758.51</u>	<u>\$ 1,098,676.46</u>

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

"B-1"

BOROUGH OF KENILWORTH

TRUST FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND

REF.

Balance, December 31, 2018 and
December 31, 2019

B

\$ 3,704.33

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

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GENERAL CAPITAL FUND

"C"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2019	BALANCE DECEMBER 31, 2018
<u>ASSETS</u>			
Cash	C-2; C-3	\$ 27,876.76	\$ 479,790.22
Due Assessment Trust Fund	C-12	133,107.91	133,107.91
Grants Receivable	C-16	970,000.00	470,000.00
Due Current Fund	C-4		735,629.08
Prospective Assessments Raised by Taxation	C-14	2,600.00	2,600.00
Deferred Charges to Future Taxation:			
Funded	C-5	7,574,000.00	8,549,000.00
Unfunded	C-6	2,999,811.84	2,024,811.84
		<u>\$ 11,707,396.51</u>	<u>\$ 12,394,939.05</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due Grant Fund	C-11	\$ 403,750.00	\$ 303,750.00
Due Trust Other	C-15	500,002.50	2,502.50
Due Current Fund	C-4	669,073.75	
General Serial Bonds	C-9	7,574,000.00	8,549,000.00
Improvement Authorizations:			
Funded	C-8	544,016.67	518,721.15
Unfunded	C-8	1,363,264.86	727,659.73
Reserve for Debt Service	C-13	55,290.23	55,290.23
Reserve for Prospective Assessments Raised by Taxation	C-14	2,600.00	2,600.00
Capital Improvement Fund	C-7	81,118.81	66,118.81
Contracts Payable	C-10	449,945.84	1,854,962.78
Fund Balance	C-1	64,333.85	314,333.85
		<u>\$ 11,707,396.51</u>	<u>\$ 12,394,939.05</u>

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

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2018	C	\$	314,333.85
Decreased by:			
Anticipated in Current Fund Budget	C-2	\$	50,000.00
Improvement Authorizations	C-8		<u>200,000.00</u>
			<u>250,000.00</u>
Balance, December 31, 2019	C	\$	<u>64,333.85</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 KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	REF.	BALANCE DECEMBER <u>31, 2019</u>	BALANCE DECEMBER <u>31, 2018</u>
<u>ASSETS</u>			
Cash- Public Assistance		\$ 10,964.19	\$ 10,964.19
Cash- Community Fund		<u>4,044.87</u>	<u>4,044.87</u>
	E-1	<u>\$ 15,009.06</u>	<u>\$ 15,009.06</u>
<u>LIABILITIES</u>			
Reserve for Public Assistance		\$ 10,964.19	\$ 10,964.19
Reserve for Community Fund		<u>4,044.87</u>	<u>4,044.87</u>
	E-1	<u>\$ 15,009.06</u>	<u>\$ 15,009.06</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF KENILWORTH

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2019</u>	BALANCE DECEMBER <u>31, 2018</u>
General Fixed Assets:		
Land	\$ 4,631,700.00	\$ 4,631,700.00
Buildings	2,180,017.00	2,005,100.00
Machinery and Equipment	<u>7,955,965.65</u>	<u>6,286,046.05</u>
<u>Total General Fixed Assets</u>	<u>\$ 14,767,682.65</u>	<u>\$ 12,922,846.05</u>
Investments in General Fixed Assets	<u>\$ 14,767,682.65</u>	<u>\$ 12,922,846.05</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF KENILWORTH

NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Kenilworth 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 Kenilworth include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Kenilworth, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Kenilworth do not include the operations of the local Board of Education, inasmuch as their activities are administered by a separate board.

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 Kenilworth 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 Kenilworth are organized on the basis of funds and an account group which is different from the fund structure required by U.S. 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 group:

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

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 has 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. Federal and State 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 amounts 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 December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Encumbrances - Contractual orders, at December 31, 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 - 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 a revenue in a future budget. GAAP requires such proceeds to be recorded as a 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 - N.J.A.C. 5:30-5.6, 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. The Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by the Borough.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost for land acquired before 1986 is the assessed value determined at the last revaluation prior to December 31, 1985.

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.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed Assets acquired through grants in aid or contributed capital have not been accounted for separately.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

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 change funds, cash in banks, deposits in the New Jersey Cash Management Fund 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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Borough of Kenilworth had the following cash and cash equivalents at December 31, 2019:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$4,562,895.03	\$165,295.17	\$202,429.75	\$4,525,760.45
Federal State Grant Fund	212,970.63	993.01		213,963.64
Assessment Trust Fund	137,716.50			137,716.50
Animal Control Trust Fund	23,898.20	27,511.75		51,409.95
Other Trust Fund	581,529.74	\$73,608.87	133,290.30	521,848.31
General Capital Fund	30,167.51		2,290.75	27,876.76
Public Assistance Fund	42,060.78			42,060.78
	<u>\$5,591,238.39</u>	<u>\$267,408.80</u>	<u>\$338,010.80</u>	<u>\$5,520,636.39</u>

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 December 31, 2019, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance, and \$5,591,238.39 was covered under the provisions of NJGUDPA.

B. Investments

The purchase of investments by the Borough are 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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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 Local Government Services of the Department of Community Affairs for investment by Local Units;
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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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 Kenilworth's investment activities during the year were in accordance with the above New Jersey Statute.

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 regulatory 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.

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

	<u>YEAR 2019</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Issued:			
General:			
Bonds and Notes	\$ 7,574,000.00	\$ 8,549,000.00	\$ 8,941,172.00
Assessment:			
Bonds and Notes			56,900.00
Total Issued	<u>7,574,000.00</u>	<u>8,549,000.00</u>	<u>8,998,072.00</u>
Less Funds Temporarily Held to			
Reserve for Debt Service	55,290.23	55,290.23	55,290.23
Pay Bonds and Notes			55,107.91
Net Debt Issued	<u>\$ 7,518,709.77</u>	<u>\$ 8,493,709.77</u>	<u>\$ 8,887,673.86</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	\$ 2,950,411.84	\$ 1,975,411.84	\$ 1,314,775.00
Assessment:			
Bonds and Notes	<u>49,400.00</u>	<u>49,400.00</u>	<u>55,641.22</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u>\$ 10,518,521.61</u>	<u>\$ 10,518,521.61</u>	<u>\$ 10,258,090.08</u>

SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2019)

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 regulatory net debt of .634%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 10,115,000.00	\$ 10,115,000.00	\$ -0-
General Debt	<u>9,598,811.84</u>	<u>55,290.23</u>	<u>9,543,521.61</u>
	<u>\$ 19,713,811.84</u>	<u>\$ 10,170,290.23</u>	<u>\$ 9,543,521.61</u>

NET DEBT \$9,543,521.61 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,505,999,216.67 EQUALS .634%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2019	\$1,505,999,216.67
3-1/2 of Equalized Valuation Basis	52,709,972.58
Net Debt	<u>10,518,521.61</u>
Remaining Borrowing Power	<u>\$42,191,450.97</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 Kenilworth for the last three (3) preceding years.

LONG TERM

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2019

CALENDAR YEAR	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2020	\$ 1,000,000.00	\$ 189,797.50	\$ 1,189,797.50
2021	1,024,000.00	164,597.50	1,188,597.50
2022	915,000.00	138,937.50	1,053,937.50
2023	915,000.00	116,387.50	1,031,387.50
2024	940,000.00	93,837.50	1,033,837.50
2025-2028	<u>2,780,000.00</u>	<u>156,743.75</u>	<u>2,936,743.75</u>
	<u>7,574,000.00</u>	<u>860,301.25</u>	<u>8,434,301.25</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

The General Improvement Bonds are comprised of the following issue:

General Serial Bonds:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER 31, 2019
\$3,249,000.00 in 2007 General Improvement Bonds, due in remaining installments ranging between \$259,000.00 and \$260,000.00 through November 15, 2021 at an interest rate of 4.00%.	\$519,000.00
\$5,600,000.00 in 2013 General Improvement Bonds, due in remaining installments of \$490,000.00 through March 2026 at interest rates between 2.00% and 2.25%.	\$3,430,000.00
\$3,850,000.00 in 2018 General Improvement Bonds, due in annual remainings installments ranging between \$250,000.00 and \$450,000.00 through August 15, 2028 at an interest rates between of 2.00% and 3.00%	<u>\$3,625,000.00</u>
	<u><u>\$7,574,000.00</u></u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2019 which was appropriated and included as anticipated revenue in its own fund for the year ending December 31, 2020 was as follows:

Current Fund	\$1,800,689.06
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NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the county and the local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE <u>DECEMBER 31, 2019</u>	BALANCE <u>DECEMBER 31, 2018</u>
Prepaid Taxes	\$ <u>164,708.19</u>	\$ <u>174,515.23</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2019, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2019, the State contributed an amount less than the actuarially determined amount. During 2019, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$1,081,863.00 for 2019, \$1,038,616.51 for 2018 and \$965,796.00 for 2017.

Certain Borough employees are also covered by the Federal Insurance Contribution Act.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2019. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2019.

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$5,675,429.00 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Borough's proportion was 0.0314978192 percent, which was a increase of 0.0002017292. percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$215,488.00 for the Borough's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statements based on the April 1, 2019 billing was \$311,295.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 101,867.00	\$ 25,072.00
Changes of assumptions	566,712.00	1,969,924.00
Net difference between projected and actual earnings on pension plan investments		89,589.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>150,858.00</u>	<u>296,572.00</u>
	\$ <u>819,437.00</u>	\$ <u>2,381,157.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	(\$193,022.80)
2021	(560,767.80)
2022	(503,852.80)
2023	(252,043.80)
2024	<u>(52,032.80)</u>
	<u>(\$1,561,720.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 respectively based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Borough's proportionate share of the pension liability	\$7,218,862.00	\$5,675,429.00	\$4,447,620.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Police and Firemen's Retirement System (PFRS)

At June 30, 2019, the State reported a net pension liability of \$9,739,898.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

At June 30, 2019, the Borough's proportion was 0.0795885127 percent, which was a decrease of 0.0008908091 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$775,598.00. The pension expense recognized in the Borough's financial statements based on the April 1, 2019 billing was \$769,386.00.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 82,217.00	\$ 61,665.00
Changes of assumptions	333,742.00	3,147,846.00
Net difference between projected and actual earnings on pension plan investments		131,972.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>220,831.00</u>	<u>542,159.00</u>
	<u>\$ 636,790.00</u>	<u>\$ 3,883,642.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2020	\$ (574,885.60)
2021	(1,136,138.60)
2022	(823,376.60)
2023	(438,455.60)
2024	<u>(273,995.60)</u>
	<u>\$ (3,246,852.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through all future years	3.25-15.25%	2.10-9.98%
	Based on years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and June 30, 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and June 30, 2018 respectively based on 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.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>5.85%</u>	<u>6.85%</u>	<u>7.85%</u>
Borough's proportionate share of the PFRS pension liability	\$13,164,793.00	\$9,739,898.00	\$6,905,304.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At June 30, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,537,948.00 and \$1,446,504.00, respectively.

At June 30, 2019, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$9,739,898.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,537,948.00</u>
	<u>\$11,277,846.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off or paid at a later date. Certain employees are also entitled to Terminal Pay upon retirement. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Borough to be approximately \$769,657.88. The Borough annually appropriates the amounts that are required to be paid in that year's budget. The Borough has reserved \$107,381.27 in the Trust Fund to offset these costs.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2019, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self insurance program through the Garden State Municipal Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments are based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

<u>Calendar Year</u>	<u>Borough/Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$29,738.12	\$353.87	33,641.37	\$40,159.66
2018	30,752.50	208.42	35,785.54	43,709.04
2017	24,112.76	44.89	27,554.43	48,533.66

NOTE 11: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Lincoln National Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$792,582.26	\$117,095.79
Federal and State Grant Fund	520,845.79	6,281.01
Assessment Fund		151,503.06
Animal Control Fund		17,201.55
Trust Other Fund	506,283.51	87,911.81
General Capital Fund	133,107.91	1,572,826.25
	<u>\$1,952,819.47</u>	<u>\$1,952,819.47</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

During 2001, the Borough of Kenilworth adopted ordinance 2000-17 establishing a Length of Service Awards Program for the members of the Kenilworth Fire Department and the Kenilworth First Aid Squad pursuant to N.J.S.A. 40A: 14-183 et seq.

Under this program, each volunteer of the Kenilworth Fire Department and First Aid Squad that performs the minimum amount of service will have an annual amount of \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The Borough's costs amounted to \$49,450.00 during 2019.

The accompanying financial statements do not include the Borough's Length of Service Awards Program activities. The Borough's Length of Service Awards Program's financial statements are continued in a separate review report, as required by state regulations.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, <u>2019</u>	2020 BUDGET <u>APPROPRIATION</u>	BALANCE TO SUCCEEDING <u>YEARS</u>
Current Fund:			
Special Emergency (40A:4-55)-Master Plan	<u>\$45,000.00</u>	<u>\$15,000.00</u>	<u>\$30,000.00</u>
	<u>\$45,000.00</u>	<u>\$15,000.00</u>	<u>\$30,000.00</u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (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*; therefore, assets are accumulated to pay associated benefits.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The Plan provides medical and prescription drug coverage 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) retired 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) retired 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 of coverage.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Contributions

The Borough's annual contributions to the Plan for retirees were \$510,801.98 for 2019, \$510,801.98 for 2018 and \$420,160.55 for 2017 which equaled the required contributions for that year.

Total Net OPEB Liability

At June 30, 2019, the Plan reported a liability of \$10,780,505.00 for the Borough's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Borough's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

At June 30, 2019, the Borough's proportion was 0.079584 percent, which was a decrease of 0.008285 percent from its proportion measured as of June 30, 2018. For the year ended June 30, 2019, the State reported OPEB benefit of \$494,622.00. This OPEB benefit was based on the OPEB plans June 30, 2019 measurement date.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		\$3,152,640
Changes of assumptions		3,820,371
Net difference between projected and actual earnings on OPEB plan investments	\$8,880	
Changes in proportion		2,482,101
	<u>\$8,880</u>	<u>\$9,455,112</u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension (benefit)/expense as follows:

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2020	(\$1,630,652)
2021	(1,630,652)
2022	(1,631,348)
2023	(1,632,474)
2024	(1,633,502)
Total Thereafter	<u>(1,287,603)</u>
	<u>(\$9,446,232)</u>

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>2019</u>	<u>2018</u>
Inflation rate	2.50%	2.50%
Salary Increases:		
Public Employees Retirement System (PERS):		
Initial fiscal Year Applied		
Rate through 2026	2.00% to 6.00%	
Rate thereafter	3.00% to 7.00%	
Police and Firemen's Retirement System (PFRS):		
Rate for all future years	3.25% to 15.25%	
All Pensions:		
Rate through 2026		1.65% to 8.98%
Rate thereafter		2.65% to 9.98%

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019

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

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. 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 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to
Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Borough as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	<u>1.00% Decrease (2.50%)</u>	<u>At Discount Rate (3.50)</u>	<u>1.00% Increase (4.50%)</u>
Borough's proportionate share of the Net OPEB Liability	\$12,465,006	\$10,780,505	\$9,411,625

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to
Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the Borough as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Borough's proportionate share of the Net OPEB Liability	\$9,097,418	\$10,780,505	\$12,927,566

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

The Borough, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or 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.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no Net OPEB Liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation is \$4,633,812.00 and \$5,466,878.00 respectively.

At June 30, 2019, the Borough's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Borough's proportionate share of the Net OPEB Liability	\$10,780,505
State of New Jersey's proportionate share of Net OPEB Liability associated with the Borough	<u>4,633,812</u>
	<u>\$15,414,317</u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 16: SCHOOL TAXES

Local School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund as follows:

	LOCAL SCHOOL TAX	
	BALANCE DECEMBER 31, 2019	BALANCE DECEMBER 31, 2018
Balance of Tax	\$10,476,869.50	\$9,901,023.50
Deferred	10,695,681.50	10,258,057.50
Tax Payable(Prepaid)	<u>(\$218,812.00)</u>	<u>(\$357,034.00)</u>

NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through August 31, 2020 which is the date the financial statements were available to be issued.

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Borough's operations in 2020 cannot reasonably be estimated at this time but could negatively affect revenues.

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BOROUGH OF KENILWORTH
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2019

BOROUGH OF KENILWORTH

CURRENT FUND / GRANT FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>		<u>CURRENT FUND</u>		<u>GRANT FUND</u>
Balance, December 31, 2018	A		\$ 5,452,638.42	\$	371,804.57
Increased by Receipts:					
Taxes Receivable	A-7	\$ 41,207,139.27			
Prepaid Taxes	A-16	164,708.19			
Tax Overpayments	A-17	45,610.74			
State of New Jersey	A-6	62,686.99			
Miscellaneous Revenue Not Anticipated	A-2	38,321.98			
Revenue Accounts Receivable	A-10	2,235,738.08			
Reserve for Grants - Unappropriated	A-23				
State Aid Receivable	A-24				
Interfunds	A-13-A-27	11,096.58			
Appropriation Refunds	A-3	428,452.11			
Appropriation Reserve Refunds	A-11	35,963.86			
Petty Cash	Contra	250.00			
State Library Aid	A-31	3,467.00			
			44,233,434.80	203,273.92	
			\$ 49,686,073.22	\$ 575,078.49	
Decreased by Disbursements:					
2019 Appropriations	A-3	\$ 14,934,320.18			
2018 Appropriation Reserves	A-11	419,709.91			
Interfunds	A-13-A-27	1,496,250.35			
County Taxes	A-18	8,032,387.26			
Local District School Taxes	A-19	20,223,557.42			
State Library Aid	A-31	3,467.00			
Reserve for Tax Overpayments	A-17	45,610.74			
Petty Cash	Contra	250.00			
Refund of Construction Code Fees	A-2	26.00			
Refund of Fees and Permits	A-2	170.00			
Refund of Prior Year Revenue	A-1	4,563.91			
Reserve for Grants - Appropriated	A-20				
			45,160,312.77	261,114.85	
			\$ 4,525,760.45	\$ 361,114.85	
Balance, December 31, 2019	A				213,963.64

"A-5"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>REF.</u>		
Balance, December 31, 2018	A	\$	92,304.26
Increased by:			
Transferred from Current Fund Budget Appropriations	A-3		<u>60,000.00</u>
Balance, December 31, 2019	A	\$	<u><u>152,304.26</u></u>

"A-6"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2018 (Due From)	A	\$	6,473.71
Increased by:			
Senior Citizens and Veterans per Tax Duplicate		\$	62,250.00
Senior Citizens Deduction Allowed by Collector			<u>500.00</u>
			62,750.00
			<u>69,223.71</u>
Decreased by:			
Senior Citizens Deductions Disallowed by Collector			
Current Year			1,777.40
Received from the State of New Jersey-Treasurer	A-4		<u>62,686.99</u>
			<u>64,464.39</u>
Balance, December 31, 2019 (Due From)	A	\$	<u>4,759.32</u>

CALCULATION OF STATE'S SHARE OF
2019 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans:		
Per Tax Duplicate		\$ 62,250.00
Allowed by Collector		<u>500.00</u>
		62,750.00
Less: Senior Citizens Deductions Disallowed		
by Collector		<u>1,777.40</u>
	A-7	\$ <u>60,972.60</u>

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2018	LEVY 2019 TAXES	COLLECTIONS		CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2019
			2018	2019			
2018	\$ 378,870.90	\$	\$	\$ 378,620.90	\$	\$	\$ 250.00
2019		41,427,539.04	174,515.23	40,889,490.97	9,824.38	404.00	353,304.46
	\$ 378,870.90	\$ 41,427,539.04	\$ 174,515.23	\$ 41,268,111.87	\$ 9,824.38	\$ 404.00	\$ 353,554.46
REF.	A		A-2-A-16	A-2		A-8	A

Cash
Senior Citizens Deductions

REF.	
A-4	\$ 41,207,139.27
A-6	60,972.60
	<u>\$ 41,268,111.87</u>

ANALYSIS OF 2019 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax
Added Taxes

\$	41,321,527.54
	<u>106,011.50</u>
\$	<u>41,427,539.04</u>

TAX LEVY

Local District School Tax (Abstract)
County Tax (Abstract)
Due County for Added Taxes (54/4-63.1 et seq.)

\$	20,953,739.00
\$	8,019,814.16
	<u>18,675.50</u>
	8,038,289.66

Total County Taxes

Local Tax for Municipal Purposes (Abstract)
Minimum Library tax
Add: Additional Tax Levied

\$	11,832,587.27
	508,166.50
	<u>94,756.61</u>
	<u>12,435,510.38</u>

Local Tax for Municipal Purposes Levied

\$	41,427,539.04
	<u>0.00</u>

"A-8"

BOROUGH OF KENILWORTH
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2018	A	\$	3,353.10
Increased by:			
Transfer From Taxes Receivable	A-7	\$	404.00
Interest and Costs			<u>735.74</u>
			<u>1,139.74</u>
Balance, December 31, 2019	A	\$	<u><u>4,492.84</u></u>

"A-9"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2018 and December 31, 2019	A	\$	<u><u>157,200.00</u></u>
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BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 31, 2018	ACCURED IN 2019	COLLECTED BY COLLECTOR- TREASURER	BALANCE DECEMBER 31, 2019
A-2	\$	\$	\$	\$
A-2		19,030.00	19,030.00	
A-2		6,210.00	6,210.00	
A-2		1,745.00	1,745.00	
A-2		0.00		
A-2		2,201.00	2,201.00	
A-2		23,503.25	23,503.25	
A-2		0.00		
A-2	8,627.86	156,373.07	152,002.55	11,998.38
A-2		0.00		
A-2		3,493.00	3,493.00	
A-2		14,610.00	14,610.00	
A-2		9,190.00	9,190.00	
A-2		192,770.00	192,770.00	
A-2		0.00		
A-2		0.00	0.00	
A-2		996,388.00	996,388.00	
A-2		34,565.00	34,565.00	
A-2		51,126.88	51,126.88	
A-2		121,426.67	121,426.67	
A-2		135,484.00	135,484.00	
A-2		7,500.00	7,500.00	
A-2		66,260.00	66,260.00	
A-2		101,040.89	101,040.89	
A-2		92,639.64	92,639.64	
A-2		26,933.90	26,933.90	
A-2		51,602.80	51,602.80	
A-2		76,015.50	76,015.50	
A-2		50,000.00	50,000.00	
	\$ 8,627.86	\$ 2,239,108.60	\$ 2,235,738.08	\$ 11,998.38
REF.	A	A	A-4	A
				0.00

Clerk:

Licenses:

Alcoholic Beverage

Other

Fees and Permits

Board of Health

Fees and Permits

Licenses

Municipal Court

Fines and Costs

Police Department

Fees and Permits

Fire Department

Fees and Permits

Planning Board

Fees and Permits

Street Opening Permits

Building/Zoning Miscellaneous Fees

Consolidated Municipal Property Tax Relief Act

Energy Receipts Tax

Uniform Fire Safety Act - Local Fees

Uniform Fire Safety Act

Cable TV Franchise Tax

Uniform Construction Code Fees

Trailer Storage Fees

Interest on Investments

Interest and Costs on Taxes

Hotel Occupancy Tax

Outside Police Duty Administrative Fees

Outside Police Duty Use of Vehicles Fees

School Resource Officer

Capital Fund Balance

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
<u>SALARIES AND WAGES</u>				
Municipal Clerk	988.67	988.67		988.67
Financial Administration (Tax and Finance)	2,408.95	2,408.95	637.50	1,771.45
Assessment of Taxes	79.81	79.81		79.81
Traffic Control/Crossing Guards	679.87	679.87		679.87
Engineering Services	100.00	100.00		100.00
Prosecutor	50.00	50.00		50.00
Road Repairs and Maintenance	34,589.17	24,589.17	9,746.64	14,842.53
Fire	4.59	604.59	551.52	53.07
Fire Prevention	10,049.86	10,049.86	3,657.69	6,392.17
Public Buildings and Grounds	1,000.00	1,000.00		1,000.00
Planning Board	800.00	800.00		800.00
Building Inspector	6,890.41	6,890.41		6,890.41
Plumbing Inspector	2,035.02	2,035.02	140.00	1,895.02
Electrical Inspector	3,805.36	3,805.36		3,805.36
Fire Protection Official (Sub Code)	5,979.63	5,979.63	560.00	5,419.63
Zoning Enforcement Officer	500.00	500.00		500.00
Construction Code Official	5,475.79	5,475.79		5,475.79
Board of Health	8,178.28	2,178.28		2,178.28
Administration of Public Assistance	568.40	568.40		568.40
Parks and Playgrounds	9,074.30	4,074.30		4,074.30
Police	1,284.79	11,284.79	11,284.09	0.70
Emergency Management Services	100.00	100.00		100.00
Senior Citizen Transportation	5,420.43	5,420.43	754.12	4,666.31
Senior Citizen Director	23.33	23.33		23.33
Garbage and Trash	16,128.81	6,128.81	4,979.19	1,149.62
Municipal Court	11,776.05	6,776.05	180.00	6,596.05
Public Defender	100.00	100.00		100.00

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2018	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES</u>				
Municipal Clerk	\$ 1,706.75	\$ 2,082.13	\$ 664.24	\$ 1,417.89
Mayor and Council	963.00	1,222.92	229.92	993.00
Financial Administration (Tax and Finance)	6,532.53	11,818.55	6,717.90	5,100.65
Traffic Control/ Crossing Guards	3,398.94	50,684.32	46,582.83	4,101.49
Assessment of Taxes	12,515.00	12,515.00	65.00	12,450.00
Payroll and Human Resources	833.55	1,207.30	1,049.18	158.12
Audit	7,675.00	7,675.00		7,675.00
Public Defender	4,500.00	4,500.00		4,500.00
Prosecutor	1,050.00	1,050.00		1,050.00
Administration of Public Assistance	1,225.46	1,225.46	20.00	1,205.46
Legal- Other Expenses	15,970.84	16,970.84	16,918.09	52.75
Engineering Services and Cost	35,143.75	36,713.75	21,072.50	15,641.25
Other Expenses - Retainer		2,212.50		2,212.50
Planning Board	3,122.87	3,122.87	812.50	2,310.37
Shade Tree Commission		6,500.00	6,500.00	
Road Repairs and Maintenance	7,167.04	28,267.96	14,064.44	14,203.52
Garbage and Trash	4,845.39	8,246.62	906.24	7,340.38
Municipal Court	6,291.78	7,483.78	1,192.00	6,291.78
Group Insurance	1,378.37	23,378.37	(2,969.06)	26,347.43
Other Insurance	1,523.70	1,523.70		1,523.70
Health Benefit Waiver	2,164.58	2,164.58		2,164.58
Fire	9,571.38	16,486.21	15,741.25	744.96
Recycling	18,706.46	39,765.38	23,101.00	16,664.38
Public Buildings and Grounds	23,299.75	48,584.02	29,437.60	19,146.42
Unemployment Compensation	100.00	100.00		100.00
Retirement and Accumulated Leave Compensation	100.00	100.00		100.00
Construction Code Official	2,396.20	2,768.43	253.23	2,515.20
Building Inspector	1,000.00	1,000.00		1,000.00
Plumbing Inspector	1,000.00	1,000.00		1,000.00
Electrical Inspector	1,000.00	1,000.00		1,000.00
Fire Protection Official	1,000.00	1,000.00		1,000.00
Zoning Enforcement	304.51	389.51	85.00	304.51
Sewer System	6,479.50	9,479.50		9,479.50
Parks and Playgrounds	1,809.59	8,784.30	7,018.78	1,765.52
Parks	292.00	292.00		292.00
Dog and Cat Regulation	3,139.60	5,628.45	2,488.85	3,139.60
Fire Prevention	43.28	666.24	622.96	43.28
Police	2,515.45	46,472.74	36,258.94	10,213.80
Emergency Management Services	135.07	3,622.76	3,461.72	161.04
Snow Removal	500.00	500.00		500.00

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2018	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
Board of Health	\$ 3,165.92	\$ 7,077.14	\$ 4,641.93	\$ 2,435.21
Senior Citizen Transportation	1,472.48	1,472.48		1,472.48
Senior Citizens Director	426.50	666.50	192.00	474.50
Celebration of Public Events, Anniversary or Holiday	1,317.59	11,317.59	10,524.52	793.07
Beautification	1,250.00	1,341.00	190.00	1,151.00
Solid Waste Disposal	14,838.37	15,838.37	15,757.58	80.79
Other Utilities	24,323.54	38,848.86	14,961.90	23,886.96
Street Lighting	2,314.11	2,314.11		2,314.11
Fire Hydrant Service	33,709.07	23,709.07	22,181.52	1,527.55
Social Security System	29,218.63	24,218.63	(6,265.01)	30,483.64
PFRS	10,000.00	10,000.00	9,949.07	50.93
DCRP	2,081.77	2,081.77	36.58	2,045.19
Length of Service Award Program	60,000.00	60,000.00	49,450.00	10,550.00
	<u>\$ 503,610.84</u>	<u>\$ 719,782.23</u>	<u>\$ 386,405.95</u>	<u>\$ 333,376.28</u>

REF. A A-1

Appropriation Reserves	A-11	\$ 503,610.84	
Transferred from Encumbrances Payable	A-28	<u>216,171.39</u>	
		<u>\$ 719,782.23</u>	
Disbursements	A-4		\$ 419,709.91
Accounts Payable	A-21		<u>2,659.90</u>
			422,369.81
Less: Refunds	A-4		<u>35,963.86</u>
			<u>\$ 386,405.95</u>

"A-12"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2018 and
December 31, 2019

A

\$ 250.00

Municipal Court
Collector

\$ 150.00

100.00

\$ 250.00

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	TRUST OTHER FUND	ASSESSMENT TRUST	GRANT FUND	CAPITAL	ANIMAL CONTROL FUND
Balance, December 31, 2018							
Due From	A	\$ 46,662.25	\$ 14,948.29	\$ 18,395.15	\$	\$	\$ 13,318.81
Due To	A	852,724.87			117,095.79	735,629.08	
Receipts							
Other	A-4	11,096.58	11,047.58			49.00	
	A-27	213,029.43			213,029.43		
Disbursements							
Other	A-4	1,496,250.35	83,498.52		8,000.00	1,404,751.83	
	A-27	205,029.43			205,029.43		
Animal Control Excess	A-1	3,882.74					3,882.74
Balance, December 31, 2019							
Due From	A	\$ 792,069.68	\$ 87,399.23	\$ 18,395.15	\$	\$ 669,073.75	\$ 17,201.55
Due To	A	117,095.79			117,095.79		

"A-14"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR LOSAP
CONTRIBUTIONS

REF.

Balance, December 31, 2018 and
December 31, 2019

A

\$ 40,104.59

"A-15"

SCHEDULE OF RESERVE FOR
REVALUATION

Balance, December 31, 2018 and
December 31, 2019

A

\$ 8,525.50

"A-16"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2018	A	\$	174,515.23
Increased by:			
Collection of 2020 Taxes	A-4		164,708.19
		\$	<u>339,223.42</u>
Decreased by:			
Applied to 2019 Taxes	A-7		<u>174,515.23</u>
Balance, December 31, 2019	A	\$	<u><u>164,708.19</u></u>

"A-17"

SCHEDULE OF TAX OVERPAYMENTS

Increased by:			
Overpayments in 2019	A-4	\$	<u>45,610.74</u>
Decreased by:			
Refunds	A-4	\$	<u><u>45,610.74</u></u>

"A-18"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2018	A		\$ 12,773.10
Increased by:			
2019 Tax Levy	A-1:A-7	\$ 8,019,614.16	
Added Taxes (R.S. 54:4-63.1 et seq.)	A-1:A-7	<u>18,675.50</u>	
			\$ 8,038,289.66
Decreased by:			
Payments	A-4		<u>8,032,387.26</u>
Balance, December 31, 2019	A		<u>\$ 18,675.50</u>

"A-19"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2018			
School Tax Deferred		\$ 10,258,057.50	
School Tax Prepaid	A	<u>(357,034.00)</u>	
			\$ 9,901,023.50
Increased by:			
Levy	A-7		<u>20,953,739.00</u>
			\$ 30,854,762.50
Decreased by:			
Payments	A-4		<u>20,223,557.42</u>
Balance, December 31, 2019			
School Tax Deferred		10,476,869.50	
School Tax Payable	A	<u>154,335.58</u>	
			\$ <u>10,631,205.08</u>
2019 Liability for Local District School Tax:			
Tax Paid			\$ 20,223,557.42
Tax Prepaid December 31, 2018			<u>(357,034.00)</u>
			20,580,591.42
Add: Tax Payable December 31, 2019			<u>154,335.58</u>
Amount Charged to 2019 Operations	A-1		<u>\$ 20,734,927.00</u>

"A-20"

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF RESERVE GRANTS-APPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2018	A	\$	1,638,158.49
Increased by:			
Transferred From 2019 Budget Appropriations	A-3	\$	213,029.43
Transferred From Encumbrances Payable	A-28		<u>145,122.79</u>
			358,152.22
		\$	<u>1,996,310.71</u>
Decreased by:			
Disbursements	A-4	\$	261,114.85
Encumbrances Payable	A-28		<u>87,932.20</u>
			349,047.05
Balance, December 31, 2019	A	\$	<u><u>1,647,263.66</u></u>

ANALYSIS OF BALANCE AS OF DECEMBER 31, 2019

<u>PROGRAM</u>	<u>AMOUNT</u>
Clean Communities Program	\$ 33,367.57
Alcohol Education Rehabilitation Fund	5,184.20
Federal Bulletproof Vest Program	4,941.30
CDBG Social Services	2,140.35
CDBG Handyman	15.00
Union County Freeholder Initiative-Senior Center	23,400.00
Union County Infrastructure Grant	75,000.00
Union County Infrastructure Grant	19,550.00
NJ Transportation Trust Fund 17'	225,000.00
Drunk Driving Enforcement Fund	4,653.65
Recycling Tonnage Grant	58,466.56
Municipal Alliance	7,333.72
Municipal Alliance-Match	4,793.19
NJ Transportation Trust Fund 17'	405,000.00
Comcast Equipment Grant	22,910.00
Greening Union County	6,000.00
Body Armor Replacement Fund	2,627.10
FEMA Public Assistance	18,116.00
Drive Sober or Get Pulled Over	2,800.00
Union County Kids Recreation	0.20
Union County Kids Recreation	50,000.00
Union County Kids Recreation	43,988.34
Union County Recycling	3,000.00
DOT '18	47,644.79
NJDOT	470,000.00
Union County Level The Playing Field	570.00
CDBG Social Services '18	2,733.55
CDBG Handyman '18	1,536.25
NJCCN Health Kids Initiative	2,441.89
Union County Kids Trust Grant Program '19	50,000.00
Union County Heart Grant '19	3,050.00
Union County Kids Trust Grant Program '19	48,000.00
Greening Union County	<u>3,000.00</u>
	\$ <u><u>1,647,263.66</u></u>

"A-21"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2018	A	\$ 50,933.78
Increased by:		
2018 Appropriation Reserves	A-11	<u>2,659.90</u>
		\$ 53,593.68
Balance, December 31, 2019	A	<u>\$ 53,593.68</u>

"A-22"

SCHEDULE OF RESERVE FOR PURCHASE OF VIDEO EQUIPMENT

Balance, December 31, 2018 and December 31, 2019	A	\$ <u>2,304.79</u>
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"A-23"

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

<u>GRANT</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>
Clean Communities	\$ 15,895.47	\$ 15,895.47
Body Armor Replacement Grant	4,193.47	4,193.47
Recycling Tonnage Grant	11,889.67	11,889.67
Alcohol Education Rehabilitation	<u>241.12</u>	<u>241.12</u>
	<u>\$ 32,219.73</u>	<u>\$ 32,219.73</u>
<u>REF.</u>	A-4	A

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2018	ACCRUED	DECREASED	BALANCE DECEMBER 31, 2019
	\$	\$	\$	\$
Municipal Alliance Program	6,623.31	18,255.00	19,144.61	5,733.70
NJ Transportation Trust Fund	56,250.00			56,250.00
Union County Kids Trust Grant Program	29,878.20			29,878.20
Union County Kids Trust Grant Program	45,000.00			45,000.00
Union County Kids Trust Grant Program	50,000.00			50,000.00
Union County Infrastructure Grant	11,562.44			11,562.44
Union County Infrastructure Grant	75,000.00		75,000.00	
Hazardous Mitigation Grant	69,000.00			69,000.00
Federal Bulletproof Vest Program	6,937.51	2,688.59	3,097.50	6,528.60
FEMA Public Assistance	18,116.00			18,116.00
Drunk Driving Enforcement Fund	3,333.48		16,640.99	3,333.48
Recycling Tonnage Grant	16,640.99			
Union County Freeholder Initiative-Senior Center	23,400.00			23,400.00
Greening Union County	6,000.00			6,000.00
NJDOT	470,000.00			470,000.00
Union County Level The Playing Field	25,470.00		2,780.00	22,690.00
CDBG Social Services '18	12,000.00		12,000.00	
CDBG Handyman '18	1,700.00		205.25	1,494.75
CDBG ADA Curbing '19	20,000.00		20,000.00	
Union County Kids Trust Grant Program '18	50,000.00			50,000.00
NJCCN Health Kids Initiative		13,285.84	13,285.84	
Union County Kids Trust Program '19	50,000.00			50,000.00
Union County Infrastructure Grant '19	65,000.00			65,000.00
Union County Heart Grant '19	4,800.00		900.00	3,900.00
Union County Kids Trust Grant Program '19	48,000.00			48,000.00
Greening Union County	3,000.00			3,000.00
	<u>996,911.93</u>	<u>205,029.43</u>	<u>163,054.19</u>	<u>1,038,887.17</u>
REF.	A	A-2	A-4	A

"A-25"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX MAP

REF.

Balance, December 31, 2018 and
December 31, 2019

A

\$ 4,826.88

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

PURPOSE

Current Fund:
Emergency Authorization 40A:4-55 - Master Plan

	BALANCE DECEMBER 31, 2018	RAISED IN 2019 BUDGET	BALANCE DECEMBER 31, 2019
	\$ 45,000.00	\$ 15,000.00	\$ 30,000.00
	\$ 45,000.00	\$ 15,000.00	\$ 30,000.00
REF.	A	A-3	A

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2018					
Due From	A	\$ 420,845.79	\$	\$ 303,750.00	\$ 117,095.79
Due To	A	<u>6,281.01</u>	<u>6,281.01</u>		
Receipts	A-4	\$ 8,000.00	\$	\$	8,000.00
Other	A-13	<u>205,029.43</u>			<u>205,029.43</u>
Disbursements	A-4	100,000.00		100,000.00	
Other	A-13	<u>213,029.43</u>			<u>213,029.43</u>
Balance, December 31, 2019					
Due From	A	\$ 520,845.79	\$	\$ 403,750.00	\$ 117,095.79
Due To	A	<u><u>6,281.01</u></u>	<u><u>6,281.01</u></u>		

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	<u>FEDERAL AND STATE GRANT FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2018	A	\$ 145,122.79 \$	216,171.39
Increased by:			
Transferred from Current Appropriations	A-3		349,115.87
Transferred from Grants Appropriated	A-20	87,932.20	
		\$ 233,054.99 \$	565,287.26
Decreased by:			
Transferred to Grants Appropriated	A-20	145,122.79	
Transferred to Appropriation Reserves	A-11		216,171.39
Balance, December 31, 2019	A	\$ 87,932.20 \$	349,115.87

"A-29"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR ELEVATOR INSPECTION AGENCY FEE

REF.

Balance, December 31, 2018 and
December 31, 2019

A

\$ 34,949.00

"A-30"

SCHEDULE OF RESERVE FOR MASTER PLAN

Balance, December 31, 2018 and
Balance, December 31, 2019

A

\$ 59,237.50

"A-31"

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

Increased by:
Cash Receipts

A-4

\$ 3,467.00

Decreased by:
Cash Disbursements

A-4

\$ 3,467.00

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER TRUST</u>
Balance, December 31, 2018	B	\$ <u>119,852.87</u>	\$ <u>23,898.20</u>	\$ <u>908,879.21</u>
Increased by Receipts:				
Animal Control Fees	B-4		4,811.80	
State of New Jersey-Dog License Fees	B-5		904.20	
State Unemployment Insurance	B-7			30,091.99
Miscellaneous Deposits	B-8			901,983.92
Due Current Fund	B-11			72,963.52
Assessments Receivable	B-6	17,863.63		
Payroll Deductions Payable	B-10			8,223,991.19
		\$ <u>17,863.63</u>	\$ <u>5,716.00</u>	\$ <u>9,229,030.62</u>
		\$ <u>137,716.50</u>	\$ <u>29,614.20</u>	\$ <u>10,137,909.83</u>
Decreased by Disbursements:				
Expenditures Under R.S.4:19-15.11	B-4	\$	1,198.25	\$
State of New Jersey Animal Control License Fees	B-5		904.20	
Due General Capital Fund	B-16			497,500.00
State Unemployment Insurance	B-7			33,641.37
Miscellaneous Deposits	B-8			927,911.22
Payroll Deductions Payable	B-10			8,156,496.95
		\$	\$ <u>2,102.45</u>	\$ <u>9,616,062.12</u>
Balance, December 31, 2019	B	\$ <u>137,716.50</u>	\$ <u>27,511.75</u>	\$ <u>521,847.71</u>

"B-3"

BOROUGH OF KENILWORTH

TRUST FUND

ANALYSIS OF CASH - ASSESSMENT FUND

		BALANCE DECEMBER 31, 2019
Due Current Fund	\$	18,395.15
Due General Capital Fund		133,107.91
Surplus		3,704.33
Ordinance 15-07		(17,488.29)
Ordinance 11-08		<u>(2.60)</u>
	\$	<u>137,716.50</u>
<u>REF.</u>		B

"B-4"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	10,579.39
Increased by:			
Dog License Fees Collected	B-2		4,811.80
		\$	<u>15,391.19</u>
Decreased by:			
Statutory excess Due Current Fund	B-13	\$	3,882.74
Expenditures Under R.S. 4:19-15.11	B-2		<u>1,198.25</u>
			<u>5,080.99</u>
Balance, December 31, 2019	B	\$	<u><u>10,310.20</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2018	\$ 5,131.80
2017	<u>5,178.40</u>
	<u>\$ 10,310.20</u>

"B-5"

SCHEDULE OF DUE STATE OF NEW JERSEY FOR
ANIMAL CONTROL FEES

Increased by:			
Receipts	B-2	\$	904.20
Decreased by:			
Disbursements	B-2	\$	<u>904.20</u>

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ANNUAL INSTALLMENTS</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>PLEGDED TO DUE GENERAL CAPITAL FUND</u>
11-08	Curb Improvements - Roosevelt Lane	5	\$ 2.60 \$	\$	2.60 \$	2.60
15-07	Curb Improvements - Coolidge/Arbor	5	35,351.92	17,863.63	17,488.29	17,488.29
			<u>35,354.52 \$</u>	<u>17,863.63 \$</u>	<u>17,490.89 \$</u>	<u>17,490.89</u>
			B	B-2	B	

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT
INSURANCE (PER N.J.S. 43:21-3 ET. SEQ.)

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	43,709.04
Increased by:			
Cash Receipts	B-2		30,091.99
		\$	<u>73,801.03</u>
Decreased by:			
Cash Disbursements	B-2		<u>33,641.37</u>
Balance, December 31, 2019	B	\$	<u><u>40,159.66</u></u>

BOROUGH OF KENILWORTHTRUST FUNDSCHEDULE OF MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER 31, 2018	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2019
Beautification	\$ 2,895.12		\$ 1,370.00	\$ 1,525.12
U.C Youth Commission	3,037.53			3,037.53
Park Revitalization	165.75			165.75
State Building Surcharge Fees	7,150.00	10,526.00	15,626.00	2,050.00
Tax Sale Premiums	224,600.00	88,000.00	102,600.00	210,000.00
Conservation Funds	88.37			88.37
Performance Deposits	6,625.80			6,625.80
Inflow Infiltration	65,795.27	11,375.00		77,170.27
Traffic Light Maintenance Fund	486.09			486.09
Donations for Police Equipment	6,058.71	12.00		6,070.71
Donations for Police	4,015.83	5,250.00	2,297.29	6,968.54
Donations for Fire Equipment				
Forfeited Funds Police-County	120,793.03	12,584.89	25,294.00	108,083.92
Due State of New Jersey-Marriage License	675.00	1,175.00	1,550.00	300.00
POAA	2,406.90	276.00	375.66	2,307.24
Recreation Programs	107,728.93	132,995.00	122,640.71	118,083.22
Paving and Sewer Maintenance Escrow	7,482.50			7,482.50
Escrow Deposits	18,006.58	55,253.88	48,909.91	24,350.55
Fire Prevention Penalties	7,500.00		3,481.22	4,018.78
Municipal Alliance Donations	254.85			254.85
Pride in Kenilworth Donations	0.00	640.00	640.00	0.00
Street Opening Deposits	3,500.00			3,500.00
Escrow Engineer	12,986.00			12,986.00
County Environmental Health Act	864.15			864.15
Maintenance Deposits	375.00			375.00
Insurance Safety Award	1,946.60		24.00	1,922.60
Public Defender	6,079.00	3,600.50	4,725.00	4,954.50
Outside Police Overtime		402,970.85	399,652.20	3,318.65
Board of Health Clinics	20,974.62			20,974.62
Donations for National Night Out	20.00			20.00
Tase Night	1,814.50			1,814.50
Employee Flex Spending Account	(516.10)	3,120.00	3,723.78	-1,119.88
Centennial/Public Events	950.00		950.00	0.00
Unidentified	1,146.67			1,146.67
Accumulated Absences	143,227.92	20,000.00	55,846.65	107,381.27
Outside Lien Redemption		138,204.80	138,204.80	0.00
Snow Reserve	60,261.23	16,000.00		76,261.23
	<u>\$ 839,395.85</u>	<u>\$ 901,983.92</u>	<u>\$ 927,911.22</u>	<u>\$ 813,468.55</u>

REF.

B

B-2

B-2

B

"B-9"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE TO GENERAL CAPITAL FUND-ASSESSMENT FUND

REF.

Balance, December 31, 2018 and
December 31, 2019

B

\$ 133,107.91

"B-10"

SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2018

B

\$ 21,517.69

Increased by:

Employee Payroll Deductions

B-2

8,223,991.19

\$ 8,245,508.88

Decreased by:

Cash Disbursements

B-2

8,156,496.95

Balance, December 31, 2019

B

\$ 89,011.93

"B-11"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-TRUST OTHER

	<u>REF.</u>	
Balance, December 31, 2018	B	\$ 14,948.29
Increased by:		
Cash Receipts	B-2	\$ <u>72,963.52</u>
		\$ 87,911.81
Decreased by:		
Cash Disbursements	B-2	<u>512.58</u>
Balance, December 31, 2019	B	\$ <u><u>87,399.23</u></u>

"B-12"

SCHEDULE OF DUE GRANT FUND-TRUST OTHER

Balance, December 31, 2018 and December 31, 2019	B	\$ <u><u>6,281.01</u></u>
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"B-13"

SCHEDULE OF DUE CURRENT FUND-ANIMAL CONTROL

Balance, December 31, 2018	B	\$ 13,318.81
Increased by:		
Animal Control Excess	B-4	\$ <u>3,882.74</u>
		\$ 17,201.55
Balance, December 31, 2019	B	\$ <u><u>17,201.55</u></u>

"B-14"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-ASSESSMENT FUND

REF.

Balance, December 31, 2018 and
December 31, 2019

B

\$ 18,395.15

"B-15"

SCHEDULE OF OTHER RECEIVABLE-TRUST OTHER

Balance, December 31, 2018 and
December 31, 2019

B

\$ 1,908.15

"B-16"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE CAPITAL FUND - TRUST OTHER

REF.

Balance, December 31, 2018	B	\$	2,502.50
Increased by:			
Cash Disbursements	B-2	\$	<u>497,500.00</u>
		\$	500,002.50
Balance, December 31, 2019	B	\$	<u><u>500,002.50</u></u>

"C-2"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2018	C	\$	479,790.22
Increased by Receipts:			
Capital Improvement Fund	C-7	\$	65,000.00
Due Current Fund	C-4		1,404,702.83
Due Grant Fund	C-11		100,000.00
Due Trust Other Fund	C-15		497,500.00
			<u>2,067,202.83</u>
		\$	<u>2,546,993.05</u>
Decreased by Disbursements:			
Contracts Payable	C-10	\$	2,469,116.29
Anticipated in Current Fund Budget	C-1		50,000.00
			<u>2,519,116.29</u>
Balance, December 31, 2019	C	\$	<u><u>27,876.76</u></u>

"C-3"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

BALANCE
DECEMBER
31, 2019

IMPROVEMENT DESCRIPTION

Fund Balance	\$	64,333.85
Capital Improvement Fund		81,118.81
Due Current Fund		669,073.75
Due Grant Fund		403,750.00
Due Assessment Trust Fund		(133,107.91)
Due Trust Other		500,002.50
Contracts Payable		449,945.84
Grants Receivable		(970,000.00)
Reserve for Debt Service		55,290.23
Improvement Authorizations - Funded as Set Forth on "C-8"		544,016.67
Improvement Authorizations - Expended as Set Forth on "C-6"		<u>(1,636,546.98)</u>
	\$	<u>27,876.76</u>

REF. C

BOROUGH OF KENILWORTH
GENERAL CAPITAL FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2018 (Due From)	C	\$ 735,629.08
Decreased by:		
Cash Received	C-2	<u>1,404,702.83</u>
Balance, December 31, 2019 (Due To)	C	\$ <u><u>669,073.75</u></u>

"C-5"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance, December 31, 2018	C	\$ 8,549,000.00
Decreased by:		
2019 Budget Appropriations to Pay Bonds	C-9	<u>975,000.00</u>
Balance, December 31, 2019	C	\$ <u><u>7,574,000.00</u></u>

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE DECEMBER 31, 2019			
		BALANCE DECEMBER 31, 2018	2019 AUTHORIZATIONS	BALANCE DECEMBER 31, 2019	EXPENDED UNEXPENDED IMPROVEMENT AUTHORIZATIONS
GENERAL IMPROVEMENTS					
13-05	Various Capital Improvements or Purposes	\$ 260.00	\$	260.00	\$ 130.00
13-09	Various Capital Improvements or Purposes	130.00		130.00	119.00
14-06	Various Capital Improvements or Purposes	119.00		119.00	927.84
15-04	Various Capital Improvements or Purposes	927.84		927.84	725.00
16-02	Various Capital Improvements or Purposes	725.00		725.00	48,362.70
17-05	Various Capital Improvements or Purposes	713,250.00		713,250.00	288,600.32
18-09	Various Capital Improvements or Purposes	1,260,000.00		1,260,000.00	975,000.00
19-06	Various Public Improvements and Acquisitions		975,000.00	975,000.00	
LOCAL IMPROVEMENTS					
17-09	Installation of Granite Block Curbing	30,400.00		30,400.00	30,400.00
18-11	Installation of Granite Block Curbing	19,000.00		19,000.00	19,000.00
		<u>\$ 2,024,811.84</u>	<u>\$ 975,000.00</u>	<u>\$ 2,999,811.84</u>	<u>\$ 1,636,546.98</u>
					<u>\$ 1,363,264.86</u>
REF.		C	C-8	C	C-3 C-8

"C-7"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2018	C	\$	66,118.81
Increased by:			
2019 Budget Appropriation	C-2	\$	<u>65,000.00</u>
		\$	131,118.81
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-8		<u>50,000.00</u>
Balance, December 31, 2019	C	\$	<u><u>81,118.81</u></u>

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	AMOUNT	BALANCE DECEMBER 31, 2018		PAID OR CHARGED	BALANCE DECEMBER 31, 2019		
				FUNDED	UNFUNDED		FUNDED	UNFUNDED	
<u>General Improvements</u>									
11-06	Various Capital Improvements or Purposes	7/13/11	\$ 1,430,000.00	\$ 15,233.42	\$	\$ -14,320.00	\$ 29,553.42	\$	
12-06	Various Capital Improvements or Purposes	4/11/11	1,000,000.00	97.50			97.50		
13-09	Various Capital Improvements or Purposes	7/24/13	35,500.00	2,240.84	130.00		2,240.84		130.00
14-06	Various Capital Improvements or Purposes	5/14/14	16,000.00	16,493.51	119.00		16,493.51		119.00
14-08	Various Capital Improvements or Purposes	7/9/14	2,110,000.00	492.14			492.14		
15-04	Various Capital Improvements or Purposes	5/13/15		291,695.94	927.84	176,605.14	115,090.80		927.84
16-02	Various Capital Improvements or Purposes	4/13/16	902,200.00	163,896.78	725.00	-9,645.00	173,541.78		725.00
17-05	Various Capital Improvements or Purposes	5/24/17	1,455,500.00		199,687.38	151,324.68			48,362.70
17-12	Improvements to Dimario Park and Other Parks	10/11/17	135,000.00	26,396.02		26,396.02	0.00		
18-09	Various Capital Improvements or Purposes	6/27/18	1,794,000.00		476,670.51	188,070.19			288,600.32
19-06	Various Public Improvements and Acquisitions	8/12/19	1,525,000.00			507,918.33	42,081.67		975,000.00
19-10	Various Improvements to Public Buildings	8/14/19	200,000.00			37,749.99	162,250.01		
<u>Local Improvements</u>									
17-09	Installation of Granite Block Curbing	9/27/17	32,000.00	1,175.00	30,400.00		1,175.00		30,400.00
18-11	Installation of Granite Block Curbing	8/22/18	20,000.00	1,000.00	19,000.00		1,000.00		19,000.00
				\$ 518,721.15	\$ 727,659.73	\$ 1,064,099.35	\$ 544,016.67	\$ 1,363,264.86	
				REF.	C	C	C-10	C-C-3	C-C-6
				C-7		\$ 50,000.00			
				C-16		500,000.00			
				C-6		975,000.00			
				C-1		200,000.00			
							\$ 1,725,000.00		

Borough of Kenilworth

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2018	DECREASED	BALANCE DECEMBER 31, 2019
			DATE	AMOUNT				
General Improvement Bonds 2007	2/15/2007	\$ 3,249,000.00	11/15/2020	260,000.00	4.000%	\$ 779,000.00	\$ 260,000.00	\$ 519,000.00
			11/15/2021	259,000.00	4.000%			
General Improvement Bonds 2013	3/1/2013	5,600,000.00	3/1/2020	490,000.00	2.000%			
			3/1/2021	490,000.00	2.000%			
			3/1/2022	490,000.00	2.000%			
			3/1/2023	490,000.00	2.000%			
			3/1/2024	490,000.00	2.000%			
			3/1/2025	490,000.00	2.125%			
3/1/2026	490,000.00	2.250%						
General Improvement Bonds 2018	12/1/2018	3,850,000.00	12/1/2020	250,000.00	2.00%	3,920,000.00	490,000.00	3,430,000.00
			12/1/2021	275,000.00	2.00%			
			12/1/2022	425,000.00	3.00%			
			12/1/2023	425,000.00	3.00%			
			12/1/2024	450,000.00	3.00%			
			12/1/2025	450,000.00	3.00%			
			12/1/2026	450,000.00	3.00%			
			12/1/2027	450,000.00	3.00%			
			12/1/2028	450,000.00	3.00%			
					3,850,000.00	225,000.00	3,625,000.00	
					\$ 8,549,000.00	\$ 975,000.00	\$ 7,574,000.00	
	REF.				C	C-5	C	

"C-10"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2018	C	\$	1,854,962.78
Increased by:			
Charges to Improvement Authorizations	C-8		<u>1,088,064.35</u>
		\$	<u>2,943,027.13</u>
Decreased by:			
Cash Disbursements	C-2	\$	2,469,116.29
Canceled	C-8		<u>23,965.00</u>
			<u>2,493,081.29</u>
Balance, December 31, 2019	C	\$	<u><u>449,945.84</u></u>

"C-11"

SCHEDULE OF DUE GRANT FUND

Balance, December 31, 2018	C	\$	303,750.00
Increased by:			
Cash Receipts	C-2	\$	<u>100,000.00</u>
Balance, December 31, 2019	C	\$	<u><u>403,750.00</u></u>

"C-12"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DUE ASSESSMENT FUND

REF.

Balance, December 31, 2018 and
December 31, 2019

C

\$ 133,107.91

"C-13"

SCHEDULE OF RESERVE FOR DEBT SERVICE

Balance, December 31, 2018 and
December 31, 2019

C

\$ 55,290.23

"C-14"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2019</u>
2016-07	Construction of Curbing - Various Streets	\$ <u>2,600.00</u>	\$ <u>2,600.00</u>
		\$ <u>2,600.00</u>	\$ <u>2,600.00</u>
		<u>REF.</u> C	C

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2018 (Due to)	C	\$ 2,502.50
Increased by:		
Cash Receipts	C-2	\$ <u>497,500.00</u>
Balance, December 31, 2019 (Due to)	C	\$ <u><u>500,002.50</u></u>

BOROUGH OF KENILWORTH
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>2019 AUTHORIZATIONS</u>	<u>BALANCE DECEMBER 31, 2019</u>
2018-19	New Jersey Department of Transportation	\$ 470,000.00	\$ 0.00	\$ 470,000.00
2019-06	New Jersey Department of Transportation	<u>0.00</u>	<u>500,000.00</u>	<u>500,000.00</u>
		<u>\$ 470,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 970,000.00</u>
<u>REF.</u>		C	C-8	C

"C-17"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2019</u>
	<u>General Improvements</u>	
13-05	Various Improvements or Purposes	\$ 260.00
13-09	Various Improvements or Purposes	130.00
14-06	Various Improvements or Purposes	119.00
15-04	Various Improvements or Purposes	927.84
16-02	Various Improvements or Purposes	725.00
17-05	Various Improvements or Purposes	713,250.00
18-09	Various Improvements or Purposes	1,260,000.00
19-06	Various Improvements or Purposes	975,000.00
	<u>Local Improvements</u>	
17-09	Construction of Curbs-Various Streets	30,400.00
18-11	Installation of Granite Block Curbing	<u>19,000.00</u>
		<u>\$ 2,999,811.84</u>

BOROUGH OF KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH-TREASURER

	REF.	P.A.T.F. I ACCOUNT	P.A.T.F. II ACCOUNT	FUND TOTAL
Balance December 31, 2018	E	\$ <u>2,155.31</u>	\$ <u>8,808.88</u>	\$ <u>10,964.19</u>
Increased by Receipts:				
State Aid		\$	\$ 29,699.35	\$ 29,699.35
Interest			<u>286.37</u>	<u>286.37</u>
<u>Total Receipts</u>		\$	\$ <u>29,985.72</u>	\$ <u>29,985.72</u>
		\$ <u>2,155.31</u>	\$ <u>38,794.60</u>	\$ <u>40,949.91</u>
Decreased by Disbursements:				
Public Assistance - 2019		\$	\$ <u>2,934.00</u>	\$ <u>2,934.00</u>
Balance December 31, 2019	E	\$ <u><u>2,155.31</u></u>	\$ <u><u>35,860.60</u></u>	\$ <u><u>38,015.91</u></u>

BOROUGH OF KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION PER N.J.S.A. 40A:5-5

	REF.		
Balance, December 31, 2018	E-1	\$	10,964.19
Increased by Receipts:			
Cash Receipts Record			29,985.72
		\$	<u>40,949.91</u>
Decreased by Disbursements:			
Cash Disbursements Record:			
2019 Assistance		\$	<u>2,934.00</u>
			<u>2,934.00</u>
Balance, December 31, 2019		\$	<u><u>38,015.91</u></u>

Public Assistance - 2019			
<u>Reconciliation, December 31, 2019</u>			
Balance December 31, 2019	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:	<u>ACCOUNT</u>	<u>ACCOUNT</u>	
PNC Bank			
Account # 80-3937-2772	\$ 35,860.60	\$	35,860.60
Account # 80-4333-7283		2,155.31	2,155.31
	<u>\$ 35,860.60</u>	<u>\$ 2,155.31</u>	<u>\$ 38,015.91</u>
Less: Outstanding Checks (Per List on File)	<u>\$</u>	<u>\$</u>	
Balance, May 31, 2019	<u>\$ 35,860.60</u>	<u>\$ 2,155.31</u>	<u>\$ 38,015.91</u>

PART II

BOROUGH OF KENILWORTH

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2019		YEAR 2018	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,800,689.06	3.88%	\$ 1,670,689.06	3.62%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,173,186.51	6.84%	4,297,651.85	9.31%
Collection of Delinquent Taxes and Tax				
Title Liens	378,620.90	0.82%	445,853.77	0.97%
Collection of Current Tax Levy	41,064,006.20	88.47%	39,769,702.81	86.11%
<u>Total Income</u>	<u>\$ 46,416,502.67</u>	<u>100.00%</u>	<u>\$ 46,183,897.49</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 16,070,986.93	35.25%	\$ 16,097,229.26	36.11%
County Taxes	8,038,289.66	17.63%	7,568,488.90	16.98%
Local School Taxes	20,734,927.00	45.48%	20,544,920.00	46.08%
Other Expenditures	749,971.34	1.64%	371,502.89	0.83%
<u>Total Expenditures</u>	<u>\$ 45,594,174.93</u>	<u>100.00%</u>	<u>\$ 44,582,141.05</u>	<u>100.00%</u>
Excess in Revenue	\$ 822,327.74		\$ 1,601,756.44	
Fund Balance, January 1	3,451,380.40		3,520,313.02	
	<u>\$ 4,273,708.14</u>		<u>\$ 5,122,069.46</u>	
Less: Utilization as Anticipated Revenue	1,800,689.06		1,670,689.06	
Fund Balance, December 31	<u>\$ 2,473,019.08</u>		<u>\$ 3,451,380.40</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>5.050</u>	<u>4.908</u>	<u>4.974</u>
Apportionment of Tax Rate:			
Municipal	1.447	1.414	1.376
Library	0.062	0.057	0.057
Local School	2.561	2.512	2.614
County	0.952	0.900	0.902
County Open Space	0.028	0.025	0.025

Assessed Valuations:

2019	<u>\$818,248,070.00</u>		
2018		<u>\$816,824,870.00</u>	
2017			<u>\$818,577,677.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH</u> <u>COLLECTION</u>	<u>PERCENTAGE OF</u> <u>COLLECTIONS</u>
2019	\$41,427,539.04	\$41,064,006.20	99.12%
2018	\$40,175,884.92	\$39,769,702.81	98.99%
2017	\$40,074,496.76	\$39,648,986.50	98.94%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX</u> <u>TITLE LIENS</u>	<u>AMOUNT OF</u> <u>DELINQUENT</u> <u>TAXES</u>	<u>TOTAL</u> <u>DELINQUENT</u>	<u>PERCENTAGE</u> <u>OF TAX LEVY</u>
2019	\$4,492.84	\$353,554.46	\$358,047.30	0.86%
2018	\$3,353.10	\$378,870.90	\$382,224.00	0.95%
2017	\$33,940.76	\$412,218.17	\$446,158.93	1.11%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2019 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2019	\$157,200.00
2018	\$157,200.00
2017	\$157,200.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2019	\$2,473,019.08	\$1,800,689.06
	2018	\$3,451,380.40	\$1,800,689.06
	2017	\$3,520,313.02	\$1,670,689.06
	2016	\$3,343,733.21	\$1,581,766.06
	2015	\$2,923,395.20	\$1,344,766.06

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Anthony DeLuca	Mayor	*
Kay Ceceri	Councilwoman	*
Lawrence Clementi	Councilman	*
Robert Schielke	Councilman	*
Mark David	Councilman	*
Gerry Laudati	Councilman	*
Linda Karlovitch	Councilwoman	*
Joseph Delorio	Chief Financial Officer	*
Jill Goode	Tax Collector	*
Laura Reinertsen	Borough Clerk	*
Frank Capece	Borough Attorney	*
Paul Parsons	Tax Assessor	*
Mark Cassidy	Magistrate	**
Jonathan Rosenbluth	Magistrate	**
Eileen Keating	Court Administrator	**
Enrique Lamela	Prosecutor	*

All bonds were examined and were properly executed.

* Blanket Bond \$1,000,000.00 Employee Dishonesty Coverage Fidelity & Deposit Company

** \$1,000,000.00, Fidelity & Deposit Company

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GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

"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 by the governing body of the contracting unit 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 amount set forth in, or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971, c. 198 (C.40A:11-3), except by contract or agreement."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough appointed a Qualified Purchasing Agent and has elected to increase its bid threshold to \$40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Road Improvements
Vehicles
Park Improvements
Sidewalk Improvements
Building Improvements

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any material or supplies," other than those where bids had been previously sought by public advertisement or where resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were advertised during 2019 for the following professional services:

Engineering Services
Legal Services

Borough Auditor
Bonding Attorney

COLLECTION OF INTEREST AND PENALTY ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 1, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

"BE IT RESOLVED by the Governing Body of the Borough of Kenilworth that the rate of interest on delinquent taxes and assessments owed to the said Borough of Kenilworth, be and it hereby is set at eight percent (8%) on the first One Thousand Five Hundred Dollars (\$1,500.00) of taxes due and eighteen percent (18%) of any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). Such interest shall not be charged, however, on payments made within ten (10) days from the due date."

"BE IT FURTHER RESOLVED there will be a six percent (6%) penalty on delinquency of Ten Thousand Dollars (\$10,000.00) or more at the end of the calendar year."

It appears from an examination of the Collector's records that interest and penalty were collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 12, 2019 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2019	1
2018	1
2017	2

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A confirmation of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

<u>TYPE</u>	
Payment of 2020 Taxes	25
Payment of 2019 Taxes	25
Delinquent Taxes	25

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which results in a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out before the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Treasurer

Several adjustments needed to be made to the Current Fund, Grant Fund, Trust Fund and General Capital Fund General Ledgers to properly reflect account balances.

Bank Reconciliation balances were not always reconciled to the cash balances on the General Ledgers on a timely basis.

Purchasing

We noted that several purchase orders were processed as confirming orders. This is where goods have been received or services have been rendered prior to the issuance of a purchase order.

RECOMMENDATIONS

*That the Current, Grant Fund, Trust Fund and General Capital Fund General Ledgers be completely maintained.

That Bank Reconciliation balances be reconciled to the cash balances on the General Ledgers on a timely basis.

That the practice of issuing confirming purchase orders be discontinued.

*Prior Year Recommendation

