

**REPORT OF AUDIT**  
**BOROUGH OF RUTHERFORD**  
**COUNTY OF BERGEN**  
**DECEMBER 31, 2016**

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# **BOROUGH OF RUTHERFORD**

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**BOROUGH OF RUTHERFORD**

**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Borough Council  
Borough of Rutherford  
Rutherford, New Jersey 07070

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Rutherford in the County of Bergen, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic 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 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 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Rutherford 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 each fund of the Borough of Rutherford as of December 31, 2016 and 2015, or changes in financial position for the years then ended.



The Honorable Mayor and  
Members of the Borough Council  
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***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note 13 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$2,112,066.08 and \$1,893,401.76 for 2016 and 2015, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 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.

***Other Matters***

***Other Information***

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

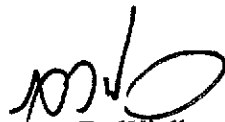
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



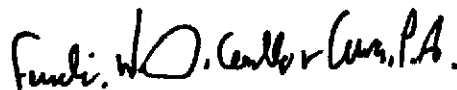
The Honorable Mayor and  
Members of the Borough Council  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017 on our consideration of the Borough of Rutherford'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 Rutherford's internal control over financial reporting and compliance.



Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. 413



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Certified Public Accountants  
Pompton Lakes, New Jersey

June 20, 2017



**Borough of Rutherford , N.J.**  
**Comparative Balance Sheet - Regularatory Basis**

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**Current Fund**

**December 31, 2016 and 2015**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 9,104,889.40	8,268,877.79
Change Fund	A-7	770.00	770.00
Due from State of NJ Senior Cit. and Vet. Ded.	A-8	1,259.86	1,634.52
Advance/Security Deposit	A-9	446.42	514.52
		<u>9,107,365.68</u>	<u>8,271,796.83</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-10	836,069.76	567,084.30
Tax Title Liens Receivable	A-11	55,356.70	53,731.80
Property Acquired for Taxes - Assessed Valuation	A-12	7,025.00	7,025.00
Revenue Accounts Receivable	A-13	31,713.24	39,881.03
Interfund Receivables: Other Trust Fund	A-14	291,302.17	298,145.29
		<u>1,221,466.87</u>	<u>965,867.42</u>
Deferred Charges:			
Special Emergency Authorizations NJSA 40A:4-53	A-15	33,999.00	50,999.00
		<u>33,999.00</u>	<u>50,999.00</u>
		<u>10,362,831.55</u>	<u>9,288,663.25</u>
Federal and State Grant Fund:			
Cash	A-5	75,630.67	208,079.33
Grants Receivable	A-16	845,284.75	736,254.65
		<u>920,915.42</u>	<u>944,333.98</u>
Total Assets		<u>\$ 11,283,746.97</u>	<u>10,232,997.23</u>

See Accompanying Notes to Financial Statements.

## Borough of Rutherford , N.J.

## Comparative Balance Sheet - Regularity Basis

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## Current Fund

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-17	\$ 1,590,568.39	1,923,913.69
Encumbrances Payable	A-18	384,164.21	337,531.94
Prepaid Taxes	A-19	358,488.04	281,472.32
County Taxes Payable	A-21	9,920.96	21,765.76
Tax Overpayments	A-22	1,682.02	414.78
Prepaid Licenses / Fees and Permits / Revenue	A-22	109,655.70	108,732.60
Accounts Payable	A-22	93,419.57	53,923.22
Due to County - PILOT	A-22	18,750.00	18,750.00
Special Emergency Note Payable	A-22	33,999.00	50,999.00
Tax Title Lien Redemption	A-22		53,449.50
Due to State of New Jersey:			
Division of Youth and Family Services	A-22	625.00	450.00
Construction Code - Training Fees	A-22	4,335.00	24,672.00
Reserve for:			
Tax Appeals	A-22	740,124.29	640,124.29
Blood Screenings	A-22	2,588.00	2,207.00
Length of Service Award Program	A-22	30,590.56	32,908.92
Maintenance of Free Public Library	A-22		7,898.00
		<u>3,378,910.74</u>	<u>3,559,213.02</u>
Reserve for Receivables	Contra	1,221,466.87	965,867.42
Fund Balance	A-1	<u>5,762,453.94</u>	<u>4,763,582.81</u>
		<u>10,362,831.55</u>	<u>9,288,663.25</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	913,044.36	942,326.15
Unappropriated Reserve for Grants	A-24	7,871.06	2,007.83
		<u>920,915.42</u>	<u>944,333.98</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,283,746.97</u>	<u>10,232,997.23</u>

See Accompanying Notes to Financial Statements.

**Borough of Rutherford , N.J.**  
**Comparative Statement of Operations and Changes**  
**in Fund Balance - Statutory Basis**

**Current Fund**

**Year Ended December 31, 2016 and 2015**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>Revenues and Other Income:</b>			
Fund Balance Utilized	A-2	\$ 1,140,000.00	790,000.00
Miscellaneous Revenue Anticipated	A-2	4,894,232.18	4,881,356.19
Receipts from Delinquent Taxes	A-2	567,084.30	666,980.62
Receipts from Current Taxes	A-2	69,874,069.49	68,407,933.15
Non-Budget Revenue	A-2	210,427.55	160,516.82
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-17	1,571,081.32	1,236,262.47
Cancelled Accounts Payable	A-22	151.59	540.00
Appropriated Grants Cancelled	A-23	59,294.05	72,658.47
Interfunds Returned	A-14	298,145.29	288,529.97
 Total Revenues and Other Income		<u>78,614,485.77</u>	<u>76,504,777.69</u>
<b>Expenditures:</b>			
<b>Budget and Emergency Appropriations:</b>			
<b>Operations:</b>			
Salaries and Wages	A-3	10,590,652.72	10,328,644.58
Other Expenses	A-3	12,551,864.90	12,211,001.61
Capital Improvements	A-3	1,075,000.00	1,593,700.00
Municipal Debt Service	A-3	2,406,006.50	2,235,995.94
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,362,002.00	2,318,912.00
Local District School Tax	A-20	40,102,077.00	38,923,503.00
County Taxes including Added Taxes	A-21	6,794,521.00	6,214,909.98
Refund of Prior Year Taxes/Revenues	A-4	258,324.61	89,716.75
Due County for Prior Year Pilot	A-4	1,192.41	
Fund Deficits Other Trust Esrow Deposits			12,904.09
Grants Receivable Cancelled	A-16	42,671.33	72,658.47
Interfunds Advanced	A-14	291,302.17	298,145.29
 Total Expenditures		<u>76,475,614.64</u>	<u>74,300,091.71</u>
 Excess (Deficit) Revenue Over Expenditures		2,138,871.13	2,204,685.98
 Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
 Statutory Excess to Fund Balance		2,138,871.13	2,204,685.98
 Fund Balance, January 1,	A	<u>4,763,582.81</u>	<u>3,348,896.83</u>
		6,902,453.94	5,553,582.81
 Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>1,140,000.00</u>	<u>790,000.00</u>
 Fund Balance, December 31,	A	<u>\$ 5,762,453.94</u>	<u>4,763,582.81</u>

See Accompanying Notes to Financial Statements.

**Borough of Rutherford , N.J.**  
**Statement of Revenues - Statutory Basis**  
**Current Fund**  
**Year Ended December 31, 2016**

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,140,000.00	1,140,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-13	16,000.00	19,959.50	3,959.50
Other	A-2	7,000.00	6,488.00	(512.00)
Fees and Permits				
Other	A-2	70,000.00	62,804.00	(7,196.00)
Fines and Costs:				
Municipal Court	A-13	400,000.00	477,591.36	77,591.36
Interest and Costs on Taxes	A-4	150,000.00	137,244.61	(12,755.39)
Parking Meters	A-13	225,000.00	268,856.23	43,856.23
Interest on Investments	A-13	18,000.00	207,314.24	189,314.24
Parking Lot Permits	A-13	120,000.00	134,357.50	14,357.50
Uniform Fire Safety Fees - Local Fees	A-13	83,000.00	82,093.00	(907.00)
Consolidated Municipal Property Tax Relief Aid	A-13	63,296.00	63,296.00	
Energy Receipts Tax	A-13	1,321,293.00	1,321,293.00	
Uniform Construction Code Fees	A-13	500,000.00	419,999.40	(80,000.60)
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Recycling Tonnage Grant	A-16	44,952.72	44,952.72	
Clean Communities Program	A-16	37,058.25	37,058.25	
Alcohol Education and Rehabilitation Fund	A-16	1,631.65	1,631.65	
Community Forestry Management Plan	A-16	150,000.00	150,000.00	
NJDEP - electric Vehicle Workplace Charging Grant	A-16	40,000.00	40,000.00	
Body Worn Camera (BWC) Assistance Program	A-16	10,000.00	10,000.00	
FY 2014 Assistance to Firefighters Grant	A-16	76,762.00	76,762.00	
Bergen County History Grant for Special Projects	A-16	1,990.00	1,990.00	
BCB Community Bank - Police Equipment Donation	A-16	5,238.05	5,238.05	
Donations Police Equipment	A-16	3,100.00	3,100.00	
Drive Sober or Get Pulled Over	A-16	5,000.00	5,000.00	
EMAA Grant	A-16	5,000.00	5,000.00	
N.J. Div. Of Criminal Justice - Body Armor				
Replacement Fund	A-16	3,627.75	3,627.75	
Bergen County Open Space Grant - Sunset Memorial Park	A-16	18,061.00	18,061.00	
Bergen County Local Arts Program Grant	A-16	3,800.00	3,800.00	
Other Special Items:				
Uniform Fire Safety Act	A-13	19,415.61	16,403.40	(3,012.21)
Lease of Borough Property	A-13	158,000.00	162,700.67	4,700.67
Cable TV Franchise Fee	A-13	258,034.25	258,034.25	
Nursing Services Non-Public School Pupils	A-13	38,520.00	38,520.00	
PILOT - Rutherford Senior Housing Committee	A-13	23,000.00	24,575.27	1,575.27
PILOT - Encap	A-13	118,750.00	118,750.00	
Hotel Occupancy Fee P.L. 2003, c. 114	A-13	270,000.00	283,034.22	13,034.22
Nereid Boat Club - Green Trust Loan Repayment	A-13	21,988.06	21,988.06	
Fees and Permits - Recycling Revenues	A-13	5,000.00	4,155.05	(844.95)
Duc from Free Public Library	A-13	230,000.00	230,000.00	
NJMC Tax Sharing	A-13	83,463.00	128,553.00	45,090.00
Total Miscellaneous Revenues	A-1	4,605,981.34	4,894,232.18	288,250.84
Receipts from Delinquent Taxes	A-1/A-2	550,000.00	567,084.30	17,084.30
Subtotal General Revenues		<u>6,295,981.34</u>	<u>6,601,316.48</u>	<u>305,335.14</u>
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes		22,997,511.58	23,277,653.27	280,141.69
Minimum Library Tax		924,818.22	924,818.22	
Total Amt. to be Raised by Taxes for Support of Budget	A-2	<u>23,922,329.80</u>	<u>24,202,471.49</u>	<u>280,141.69</u>
Budget Totals		30,218,311.14	30,803,787.97	585,476.83
Non-Budget Revenue	A-1/A-2		210,427.55	210,427.55
		<u>\$ 30,218,311.14</u>	<u>31,014,215.52</u>	<u>795,904.38</u>
Adopted Budget	A-3	30,000,712.14		
Appropriated by N.J.S. 40A:4-87	A-3	217,599.00		
		<u>30,218,311.14</u>		



**Borough of Rutherford , N.J.**  
**Statement of Revenues - Statutory Basis**  
**Current Fund**  
**Year Ended December 31, 2016**

Analysis of Realized Revenues

Revenue from Collections	<u>Ref.</u> A-1/A-10	\$ 69,874,069.49
Allocated to School and County Taxes	A-10	<u>46,896,598.00</u>
Balance for Support of Municipal Budget Appropriations		22,977,471.49
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>1,225,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 24,202,471.49</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-10	\$ <u>567,084.30</u>
	A-2	<u>\$ 567,084.30</u>
Licenses - Other:		
Clerk	A-13	\$ 5,888.00
Building	A-13	<u>600.00</u>
	A-2	<u>\$ 6,488.00</u>
Fees and Permits - Other:	<u>Ref.</u>	
Clerk	A-13	\$ 16,840.00
Planning Board / Board of Adjustment	A-13	3,900.00
Clothing Bin Fee	A-13	2,525.00
Elevator Fee	A-13	60.00
Board of Health/Registrar of Vital Statistics	A-13	<u>39,469.00</u>
	A-2	<u>\$ 62,804.00</u>

Analysis of Non-budget Revenues

Miscellaneous Revenues Not Anticipated:	<u>Ref.</u>	
Police Department	\$	8,696.20
Police Vehicle Use Fee		13,800.00
Tax Office - Tax Sale Ads		1,287.46
Tax Office - Duplicate Bills/NSF Check Charges		1,255.00
Building Department - Violations & Admin. Fees		22,775.00
JIF Award		1,500.00
Prior Year Budget Refunds		38,134.23
Administrative Fee - Senior Citizen & Veteran Ded.		2,531.24
Homestead Rebate Mailing Reimbursement		709.80
DMV Fines		547.00
JIF Insurance Dividend		90,613.11
Interest on Property Abatement Payments		97.94
Proceeds from Public Auction		9,818.25
Extra Garbage Cans		2,700.00
Borough Clerk:		
Copies of Maps, Codes , etc.		256.24
UPS Drop Box		600.00
Memorial Field Rent		5,100.00
Train Station Rent		7,200.00
Polling Place Rent		480.00
Nereid Boat Club Annual Lease Payment		50.00
Clothing Bin Location Fee		25.00
Unclaimed Bail		956.52
BCUA - Sewer Connection Fee Rebate		267.75
Other Miscellaneous		<u>1,026.81</u>
	A-2/A-4	<u>\$ 210,427.55</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.  
Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - within "CAPS"						
General Government:						
General Administration						
Salaries and Wages	\$	70,000.00	70,000.00	42,769.19	27,230.81	
Other Expenses		62,950.00	62,950.00	57,794.98	5,155.02	
Mayor and Council						
Salaries and Wages		22,000.00	22,000.00	21,999.38	0.62	
Other Expenses		6,000.00	6,000.00	1,648.68	4,351.32	
Municipal Clerk						
Salaries and Wages		203,000.00	203,000.00	197,608.75	5,391.25	
Other Expenses		88,250.00	93,250.00	91,071.22	2,178.78	
Financial Administration						
Salaries and Wages		304,000.00	304,000.00	273,324.42	30,475.58	
Other Expenses		30,850.00	30,850.00	20,919.24	9,930.76	
Audit and Accounting Services						
Other Expenses		25,000.00	25,000.00		25,000.00	
Computerized Data Processing						
Other Expenses		40,000.00	40,000.00	28,457.22	11,542.78	
Collection of Taxes						
Salaries and Wages		162,000.00	162,000.00	160,532.06	1,467.94	
Other Expenses		8,950.00	8,950.00	8,811.71	138.29	
Assessment of Taxes						
Salaries and Wages		40,000.00	40,000.00	36,245.16	3,754.84	
Other Expenses		101,150.00	81,150.00	14,722.47	66,427.53	
Legal Services & Costs						
Other Expenses		220,000.00	260,000.00	213,227.80	46,772.20	
Engineering Services and Costs						
Other Expenses		105,000.00	105,000.00	48,760.00	56,240.00	
Other Expenses-Complete Streets		5,000.00	5,000.00		5,000.00	
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board						
Salaries and Wages		2,400.00	2,400.00	2,400.00		
Other Expenses		6,300.00	6,300.00	1,365.24	4,934.76	
Zoning Board of Adjustment						
Salaries and Wages		2,400.00	2,400.00	2,400.00		
Other Expenses		16,400.00	16,400.00	6,415.00	9,985.00	
Property Management Enforcement						
Salaries and Wages		15,000.00	15,000.00	13,227.84	1,772.16	
Other Expenses		500.00	500.00		500.00	

Borough of Rutherford, N.J.  
Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Public Safety:						
Police						
Salaries and Wages		5,080,000.00	5,140,000.00	5,058,470.95	81,529.05	
Other Expenses		244,601.00	244,601.00	207,716.59	36,884.41	
Police Dispatch / 911						
Other Expenses		18,472.20	18,472.20	18,472.20		
Emergency Management Services						
Salaries and Wages		5,200.00	5,200.00	5,200.00		
Other Expenses		9,000.00	9,000.00	1,831.04	7,168.96	
First Aid Ambulance Corps						
Other Expenses		9,000.00	9,000.00	9,000.00		
Fire Department						
Other Expenses		391,950.00	391,950.00	388,594.13	3,355.87	
Fire Official						
Salaries and Wages		172,584.39	172,584.39	161,501.68	11,082.71	
Other Expenses		13,450.00	13,450.00	9,160.90	4,289.10	
Fire Official - Uniform Fire Safety Act						
Salaries and Wages		83,000.00	83,000.00	83,000.00		
Fire Official - Life Hazard Use Fees						
Salaries and Wages		19,415.61	19,415.61	19,415.61		
Municipal Prosecutor's Office						
Salaries and Wages		7,700.00	7,700.00	7,700.00		
Municipal Court:						
Salaries and Wages		141,500.00	141,500.00	140,209.31	1,290.69	
Other Expenses		12,150.00	12,150.00	8,496.73	3,653.27	
Public Defender						
Salaries and Wages		2,500.00	2,500.00	2,499.90	0.10	
Public Works Functions:						
Streets and Road Maintenance						
Salaries and Wages		1,091,500.00	1,081,500.00	1,008,388.81	73,111.19	
Other Expenses		225,150.00	225,150.00	209,921.07	15,228.93	
Shade Tree Division						
Salaries and Wages		355,000.00	355,000.00	335,832.64	19,167.36	
Other Expenses		48,100.00	54,100.00	46,224.07	7,875.93	
Sewer System						
Salaries and Wages		7,500.00	7,500.00	4,286.17	3,213.83	
Other Expenses		99,000.00	99,000.00	69,540.74	29,459.26	
Solid Waste Collection (Garbage and Trash)						
Salaries and Wages		394,000.00	394,000.00	355,019.23	38,980.77	
Other Expenses		63,100.00	63,100.00	56,856.58	6,243.42	

**Borough of Rutherford, N.J.**  
**Statement of Expenditures - Statutory Basis**

		<b>Current Fund</b>				
		<b>Year Ended December 31, 2016</b>				
	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Recycling Division						
Salaries and Wages		368,000.00	368,000.00	344,055.54	23,944.46	
Public Buildings and Grounds						
Salaries and Wages		418,000.00	418,000.00	410,819.13	7,180.87	
Other Expenses		235,000.00	235,000.00	193,366.19	41,633.81	
Landfill Disposal Costs:						
Dumping Fees		615,000.00	660,000.00	573,461.98	86,538.02	
<b>Health and Welfare:</b>						
Board of Health						
Salaries and Wages		393,000.00	393,000.00	387,344.21	5,655.79	
Other Expenses		46,660.00	46,660.00	40,241.76	6,418.24	
Animal Control Services						
Other Expenses		23,100.00	23,100.00	17,951.26	5,148.74	
Administration of Public Assistance						
Salaries and Wages		105,000.00	105,000.00	104,053.04	946.96	
Other Expenses		3,200.00	3,200.00	2,542.12	657.88	
Rutherford Senior Citizen - Kip Center						
Other Expenses		60,000.00	60,000.00	60,000.00		
<b>Parks and Recreation:</b>						
Recreation Department						
Salaries and Wages		568,000.00	568,000.00	520,828.12	47,171.88	
Other Expenses		79,200.00	79,200.00	72,980.89	6,219.11	
<b>Education Functions:</b>						
Williams Center for the Arts						
Other Expenses		5,000.00	5,000.00	5,000.00		
Education Plans for Employees						
Other Expenses		5,000.00	5,000.00		5,000.00	
<b>Insurance</b>						
General Liability		521,000.00	521,000.00	520,420.34	579.66	
Worker's Compensation		578,000.00	578,000.00	577,268.58	731.42	
Employee Group Insurance		3,934,575.00	3,819,575.00	3,587,764.83	231,810.17	
Other Insurance Premiums		20,000.00	20,000.00	14,868.60	5,131.40	
Health Benefit Waiver Costs		105,000.00	105,000.00	104,048.98	951.02	
<b>State Uniform Construction Code:</b>						
Construction Code Officials						
Salaries and Wages		288,000.00	278,000.00	255,939.39	22,060.61	
Other Expenses		7,650.00	7,650.00	6,516.90	1,133.10	

**Borough of Rutherford, N.J.**  
**Statement of Expenditures - Statutory Basis**

Current Fund								
		Year Ended	December 31,	2016	Budget	After	Paid or	Unexpended
General Appropriations	Ref.	Budget	Modification	Charged	Reserved	Cancelled		
Unclassified:								
Legal Settlements		25,000.00	25,000.00	3,000.00	22,000.00			
Salary Attrition (Terminal Leave)		135,000.00	135,000.00	122,275.72	12,724.28			
Reserve for Compensated Absences		50,000.00	50,000.00		50,000.00			
Joint Meeting		10,000.00	10,000.00	10,000.00				
Utility Expenses and Bulk Purchases								
Electricity		407,500.00	407,500.00	268,035.00	139,465.00			
Street Lighting		260,000.00	260,000.00	225,692.51	34,307.49			
Telephone		85,000.00	95,000.00	84,019.85	10,980.15			
Water		60,000.00	65,000.00	57,443.53	7,556.47			
Fuel Oil		25,000.00	25,000.00	23,000.00	2,000.00			
Gasoline		240,000.00	240,000.00	153,601.59	86,398.41			
Total Operations within "CAPS"		19,706,908.20	19,722,908.20	18,197,778.77	1,525,129.43			
Contingent		4,000.00	4,000.00	3,000.00	1,000.00			
Total Operations Including Contingent within "CAPS"		19,710,908.20	19,726,908.20	18,200,778.77	1,526,129.43			
Detail:								
Salaries and Wages	A-1	10,505,700.00	10,545,700.00	10,077,546.25	468,153.75			
Other Expenses	A-1	9,205,208.20	9,181,208.20	8,123,232.52	1,057,975.68			
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"								
Statutory Expenditures								
Contribution to:								
Public Employees' Retirement System		668,586.00	668,586.00	668,586.00				
Social Security System (O.A.S.I.)		585,000.00	569,000.00	516,526.91	52,473.09			
Police and Firemen's Retirement System		1,068,416.00	1,068,416.00	1,068,416.00				
Fire Widows' Pension N.J.S. 43:12-28		24,000.00	24,000.00	24,000.00				
Unemployment Insurance		2,500.00	2,500.00	2,500.00				
Defined Contribution Retirement Plan		12,500.00	12,500.00	9,578.20	2,921.80			
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	2,361,002.00	2,345,002.00	2,289,607.11	55,394.89			
Total General Appropriations for Municipal Purposes within "CAPS"		22,071,910.20	22,071,910.20	20,490,385.88	1,581,524.32			

**Borough of Rutherford, N.J.**  
**Statement of Expenditures - Statutory Basis**

**Current Fund**

**Year Ended December 31, 2016**

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget Alter Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)		979,200.00	979,200.00	972,624.57	6,575.43	
Insurance						
Group Ins. Plan for Employees		65,425.00	65,425.00	65,425.00		
Service Charges Contractual						
Bergen County Utilities Authority		1,161,000.00	1,161,000.00	1,160,592.64	407.36	
Passaic Valley Trunk Sewer		540,000.00	540,000.00	539,100.72	899.28	
Emergency Services Length of Service Award Program		111,213.00	111,213.00	111,213.00		
Reserve for Tax Appeals		100,000.00	100,000.00	100,000.00		
Stormwater Regulation N.J.S.A. 40A:4-45.3(cc)		4,050.00	4,050.00	4,050.00		
Total Other Operations Excluded from "CAPS"		<u>2,960,888.00</u>	<u>2,960,888.00</u>	<u>2,953,005.93</u>	<u>7,882.07</u>	
Public and Private Programs Offset by Revenues						
Clean Communities Program		37,058.25	37,058.25	37,058.25		
Recycling Tonnage Grant		44,952.72	44,952.72	44,952.72		
Bergen County Local Arts Program Grant		3,800.00	3,800.00	3,800.00		
EMAA Grant		5,000.00	5,000.00	5,000.00		
N.J. Div. Of Criminal Justice - Body Armor Replacement		3,627.75	3,627.75	3,627.75		
Body worn Camera (BWC) Assistance Program		10,000.00	10,000.00	10,000.00		
Alcohol Education and Rehabilitation Fund		1,631.65	1,631.65	1,631.65		
Assistance to Firefighters Grant Program		76,762.00	76,762.00	76,762.00		
Drive Sober or Get Pulled Over		5,000.00	5,000.00	5,000.00		
NJDEP - Electric Vehicle Workplace Charging Grant		40,000.00	40,000.00	40,000.00		
Community Forestry Management Plan		18,061.00	18,061.00	18,061.00		
Bergen County Open Space Fund - Sunset Memorial Park Improvements		150,000.00	150,000.00	150,000.00		
Bergen County Historic Preservation Grant		1,990.00	1,990.00	1,990.00		
BCB Community Bank - Police Equipment		43,500.00	43,500.00	43,500.00		
Donations - Police Equipment		5,238.05	5,238.05	5,238.05		
Grants Match - Assistance to Firefighters Grant		3,100.00	3,100.00	3,100.00		
Total Public and Private Programs offset by Revenues		<u>500,000.00</u>	<u>500,000.00</u>	<u>500,000.00</u>	<u>1,162.00</u>	
Total Operations - Excluded from "CAPS"		<u>3,415,609.42</u>	<u>3,415,609.42</u>	<u>3,406,565.35</u>	<u>9,044.07</u>	
Detail:						
Salaries & Wages	A-1	44,952.72	44,952.72	44,952.72		
Other Expenses	A-1	3,370,656.70	3,370,656.70	3,361,612.63	9,044.07	
Capital Improvements:						
Capital Improvement Fund		1,075,000.00	1,075,000.00	1,075,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>1,075,000.00</u>	<u>1,075,000.00</u>	<u>1,075,000.00</u>		

Borough of Rutherford, N.J.  
Statement of Expenditures - Statutory Basis

Current Fund

Year Ended December 31, 2016

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Municipal Debt Service:						
Payment of Bond Principal		1,484,000.00	1,484,000.00	1,484,000.00		
Payment of Bond Anticipation Notes		615,000.00	615,000.00	615,000.00		
Interest on Bonds		230,000.00	230,000.00	227,366.43		2,633.57
Interest on Notes		55,000.00	55,000.00	53,750.28		1,249.72
Green Trust Loan Program						
Principal and Interest		21,988.06	21,988.06	21,988.06		
Bergen County Improvement Authority						
Principal		7,765.21	7,765.21	3,889.30		3,875.91
Interest		38.25	38.25	12.43		25.82
Total Municipal Debt Service-Excluded from "CAPS"	A-1	2,413,791.52	2,413,791.52	2,406,006.50		7,785.02
Deferred Charges:						
Special Emergency Authorizations - 5 Years		17,000.00	17,000.00	17,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	17,000.00	17,000.00	17,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		6,921,400.94	6,921,400.94	6,904,571.85	9,044.07	7,785.02
Subtotal General Appropriations		28,993,311.14	28,993,311.14	27,394,957.73	1,590,568.39	7,785.02
Reserve for Uncollected Taxes		1,225,000.00	1,225,000.00	1,225,000.00		
Total General Appropriations	\$	30,218,311.14	30,218,311.14	28,619,957.73	1,590,568.39	7,785.02
Adopted Budget	A-2		30,000,712.14			
Appropriated by N.J.S. 40A:4-87	A-2		217,599.00			
			30,218,311.14			
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			26,329,021.10		
Encumbrances Payable	A-18			384,164.21		
Deferred Charges - Special Emergency Authorizations	A-15			17,000.00		
Reserve for Uncollected Taxes	A-2			1,225,000.00		
Reserve for Tax Appeals	A-22			100,000.00		
Reserve for Length of Service Award Program	A-22			111,213.00		
Matching Funds for Grants	A-4/A-5/A-23			47,338.00		
Reserve for Grants	A-23			406,221.42		
				28,619,957.73		

See Accompanying Notes to Financial Statements.

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## Borough of Rutherford, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2016 and 2015

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Other Trust Funds:			
Cash	B-1	\$ 1,436,258.26	1,882,536.39
		<u>1,436,258.26</u>	<u>1,882,536.39</u>
Unemployment Trust Fund:			
Cash	B-1	69,314.57	52,537.63
		<u>69,314.57</u>	<u>52,537.63</u>
Payroll Agency Fund:			
Cash	B-1	91,371.47	111,571.38
		<u>91,371.47</u>	<u>111,571.38</u>
Special Assessment Fund:			
Cash	B-1	45,701.19	4,465.98
Registrations Receivable	B-3	-	4,587.62
Due from Rutherford Downtown Partnership	B-4	23,062.94	-
		<u>68,764.13</u>	<u>9,053.60</u>
COAH Trust Fund:			
Cash	B-1	369,556.04	365,233.09
		<u>369,556.04</u>	<u>365,233.09</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash	B-1	2,079,366.08	1,845,143.16
Contributions Receivable	B-5	32,700.00	48,258.60
		<u>2,112,066.08</u>	<u>1,893,401.76</u>
 Total Assets		 <u>\$ 4,147,330.55</u>	 <u>4,314,333.85</u>

See Accompanying Notes to Financial Statements.

## Borough of Rutherford, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Other Trust Fund:			
Interfund - Current Fund - Other Trust	B-2	\$ 291,302.17	298,145.29
Reserve for:			
Recreation Commission Dedicated Revenue	B-8	311,434.19	246,880.50
Recycling Trust Program	B-8	1,735.03	1,685.03
Parking Offense Adjudication Fund	B-8	17,282.02	11,034.02
Fire Safety Penalties	B-8	19,619.23	16,697.62
Premiums Received at Tax Sale	B-8	559,300.00	1,023,100.00
Miscellaneous Trust Fund	B-8	425.00	425.00
Municipal Alliance Against Drugs	B-8	2,197.26	2,257.22
Police Forfeited Funds	B-8	2,417.57	2,409.18
Flexible Spending Account	B-8	1,226.07	920.66
Outside Police Duty	B-8	52,700.00	89,100.00
Multicultural Account	B-8	4,257.71	4,025.15
Donations	B-8	21,721.08	17,046.83
Builders/Special Escrow Deposits	B-9	150,640.93	168,809.89
		<u>1,436,258.26</u>	<u>1,882,536.39</u>
Unemployment Trust Fund:			
Reserve for Unemployment	B-10	66,468.41	51,897.72
Due to State of New Jersey	B-11	2,846.16	639.91
		<u>69,314.57</u>	<u>52,537.63</u>
Payroll Agency Fund:			
Payroll Deductions Payable	B-12	91,371.47	111,571.38
		<u>91,371.47</u>	<u>111,571.38</u>
Special Assessment Fund:			
Due Rutherford - Downtown Partnership	B-14		9,053.60
Reserve for Downtown Rutherford Bucks	B-15	2,155.00	
Reserve fro Downtown Improvement Projects	B-16	66,609.13	
		<u>68,764.13</u>	<u>9,053.60</u>
COAH Trust Fund:			
Net Assets Available for Council on Affordable Housing	B-17	369,556.04	365,233.09
		<u>369,556.04</u>	<u>365,233.09</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-18	2,112,066.08	1,893,401.76
		<u>2,112,066.08</u>	<u>1,893,401.76</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,147,330.55</u>	<u>4,314,333.85</u>

See Accompanying Notes to Financial Statements.

**Borough of Rutherford , N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**General Capital Fund**  
**December 31, 2016 and 2015**

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	C-2/C-3	\$ 3,748,072.84	3,001,725.22
Grants Receivable	C-4	299,648.00	299,648.00
Deferred Charges to Future Taxation:			
Funded	C-5	5,571,002.75	7,122,143.27
Unfunded	C-6	<u>10,101,118.00</u>	<u>9,317,844.00</u>
Total Assets		<u>19,719,841.59</u>	<u>19,741,360.49</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	5,240,000.00	6,776,000.00
Green Acres Loan Payable	C-8	331,002.75	346,143.27
Bond Anticipation Notes	C-9	7,866,001.00	7,649,001.00
Improvement Authorizations:			
Funded	C-10	1,098,032.35	615,760.41
Unfunded	C-10	2,727,108.90	2,642,081.94
Encumbrances Payable	C-11	1,418,610.92	987,540.48
Capital Improvement Fund	C-12	16,266.83	16,266.83
Reserve for Building Improvements	C-13	700,000.00	700,000.00
Reserve for Debt Service	C-14	239,471.45	
Fund Balance	C-1	<u>83,347.39</u>	<u>8,566.56</u>
Total Liabilities,Reserves & Fund Balance		<u>\$ 19,719,841.59</u>	<u>19,741,360.49</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2016 and 2015 of \$2,235,117.00 and \$1,668,843.00 respectively per Exhibit C-15.

See Accompanying Notes to Financial Statements.

Borough of Rutherford , N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Balance - December 31, 2015	C	\$ 8,566.56	\$ 8,566.56
Increased by:			
Funded Improvement Authorizations Cancelled	C-10	<u>74,780.83</u>	<u>                    </u>
Balance - December 31, 2016	C/C-3	<u>\$ 83,347.39</u>	<u>\$ 8,566.56</u>

See Accompanying Notes to Financial Statements.

**Borough of Rutherford, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Public Assistance Fund**  
**December 31, 2016 and 2015**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	E-1	\$ <u>57,728.95</u>	<u>72,532.13</u>
		<u>57,728.95</u>	<u>72,532.13</u>
<u>Liabilities</u>			
Due to State of New Jersey	E-6	46,974.76	63,003.72
Reserve for Public Assistance	E-7	10,754.19	9,528.41
		<u>\$ 57,728.95</u>	<u>72,532.13</u>

See Accompanying Notes to Financial Statements.

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## Borough of Rutherford, N.J.

## Comparative Statement of General Fixed Assets - Statutory Basis

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>General Fixed Assets:</u>		
Land	\$ 46,365,800.00	46,365,800.00
Land Improvements	2,597,863.00	2,510,121.00
Buildings	11,802,095.00	11,802,095.00
Building Improvements	2,838,574.00	2,773,335.00
Machinery , Equipment and Vehicles	<u>12,972,324.00</u>	<u>12,486,913.00</u>
	<u>76,576,656.00</u>	<u>75,938,264.00</u>
 Investment in General Fixed Assets	 \$ <u>76,576,656.00</u>	 <u>75,938,264.00</u>

See Accompanying Notes to Financial Statements.

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**BOROUGH OF RUTHERFORD, N. J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements of the Borough of Rutherford have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Rutherford (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Ambulance Corps. which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust - This fund deals with special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.

All Other Trust Funds - These funds are established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Dog License Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

**Basis of Accounting**

A modified accrual basis of accounting is followed by the Borough of Rutherford. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. Any taxes that have not been paid by the 11<sup>th</sup> day of the 11<sup>th</sup> month in the fiscal year levied are subject to be included in the tax sale and the lien enforced by selling the property in accordance with N.J.S.A. 54:5 et seq. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

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

- General Capital Fund
- Trust Funds
- Public Assistance Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

appropriations at the line item level. During 2016, the Borough Council increased the original budget by \$217,599.00. The increase was funded by \$217,599.00 of additional grants and donations allotted to the Borough. Also, several budgetary transfers were approved.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, the Borough of Rutherford has developed a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except land which is valued at estimated market value.

No depreciation has been provided for 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.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

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

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Recent Accounting Pronouncements**

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Recent Accounting Pronouncements, (continued)

contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.



**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Recent Accounting Pronouncements, (continued)

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Recent Accounting Pronouncements, (continued)

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

C. 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 which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2016, \$-0- of the Borough's bank balance of \$15,789,433.14 was exposed to custodial credit risk. As of December 31, 2015, \$-0- of the Borough's bank balance of \$14,831,123.75 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The Borough places no limit on the amount the Borough may invest in any one issuer.

**Unaudited Investments**

As more fully described in Note 13, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Unaudited Investments, (continued)**

seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by VALIC, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2016 and 2015 amounted to \$2,079,366.08 and \$1,845,143.16, respectively.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Money Market Funds	\$182,505.01	\$152,751.80
Fixed Income	277,267.80	281,159.57
Index	1,336,729.54	1,197,142.28
All Others	<u>282,863.73</u>	<u>214,089.51</u>
Total	<u>\$2,079,366.08</u>	<u>\$1,845,143.16</u>

**NOTE 3: MUNICIPAL DEBT**

Long-term debt as of December 31, 2016 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$6,776,000.00	\$2,260,000.00	\$3,796,000.00	\$5,240,000.00	\$1,350,000.00
Green Acres Loan Payable	346,143.27		15,140.52	331,002.75	15,444.84
Other Liabilities - Compensated Absences Payable	3,036,328.19	799,688.48		3,836,016.67	
Deferred Pension Obligation	<u>526,039.00</u>		<u>43,606.00</u>	<u>482,433.00</u>	
	<u>\$10,684,510.46</u>	<u>\$3,059,688.48</u>	<u>\$3,854,746.52</u>	<u>\$9,889,452.42</u>	<u>\$1,365,444.84</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 3: MUNICIPAL DEBT, (continued)**

The Borough's debt is summarized as follows:

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<b><u>Issued:</u></b>			
<b>General:</b>			
Bonds and Notes	\$13,106,001.00	\$14,425,001.00	\$14,718,001.00
Loans	<u>331,002.75</u>	<u>346,143.27</u>	<u>353,601.29</u>
Total Issued	13,437,003.75	14,771,144.27	15,071,602.29
<b><u>Authorized But Not Issued</u></b>			
<b>General:</b>			
Bonds and Notes	<u>2,235,117.00</u>	<u>1,668,843.00</u>	<u>1,592,943.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$15,672,120.75</u>	<u>\$16,439,987.27</u>	<u>\$16,664,545.29</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .571%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$12,055,000.00	\$12,055,000.00	0.00
General Debt	<u>15,672,120.75</u>		<u>15,672,120.75</u>
	<u>\$27,727,120.75</u>	<u>\$12,055,000.00</u>	<u>\$15,672,120.75</u>

Net Debt \$15,672,120.75 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,742,779,608.00 = .571%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$95,997,286.28
Net Debt	<u>15,672,120.75</u>
Remaining Borrowing Power	<u>\$80,325,165.53</u>

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 3: MUNICIPAL DEBT, (continued)**

The Borough's long term debt consisted of the following at December 31, 2016:

Paid by the Current Fund:

	<u>Amount Outstanding</u>
Refunding Bonds - \$2,260,000.00 issued February 24, 2016 due through August 15, 2019 with variable interest rates of 4.00% to 5.00%	\$1,645,000.00
General Improvement Bonds - \$8,300,000.00 issued July 31, 2009 due through February 15, 2020 with variable interest rates of 3.00% to 5.00%	<u>3,595,000.00</u>
Total	<u>\$5,240,000.00</u>

General Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the Borough.

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED DEBT ISSUED AND OUTSTANDING.**

	General		
<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$1,350,000.00	\$221,050.00	\$1,571,050.00
2018	1,350,000.00	159,000.00	1,509,000.00
2019	1,400,000.00	98,062.50	1,498,062.50
2020	<u>1,140,000.00</u>	<u>25,650.00</u>	<u>1,165,650.00</u>
	<u>\$5,240,000.00</u>	<u>\$503,762.50</u>	<u>\$5,743,762.50</u>

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 3: MUNICIPAL DEBT, (continued)**

At December 31, 2016, the Borough had authorized but not issued debt of \$2,235,117.00.

The Borough has been awarded a Green Acres Loan from the New Jersey Department of Environmental Protection for the Rutherford Waterfront Park in the amount of \$335,074.00. As of December 31, 2016, the Borough has received the full amount of the loan. The amount to be repaid is \$353,601.29 representing the loan amount plus \$18,527.29 of accrued interest. This loan will be repaid by the Nereid Boat Club, the tenant on the property that was improved. The following is the schedule of annual debt service for principal and interest on the outstanding loan:

Calendar	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year			
2017	\$15,444.84	\$6,543.22	\$21,988.06
2018	15,755.28	6,232.77	21,988.05
2019	16,071.96	5,916.10	21,988.06
2020	16,395.01	5,593.05	21,988.06
2021	16,724.55	5,263.51	21,988.06
2022-2026	88,802.41	21,137.88	109,940.29
2027-2031	98,093.09	11,847.21	109,940.30
2032-2034	<u>63,715.61</u>	<u>2,248.54</u>	<u>65,964.15</u>
	<u>\$331,002.75</u>	<u>\$64,782.28</u>	<u>\$395,785.03</u>

**NOTE 4: BOND ANTICIPATION NOTES/SPECIAL EMERGENCY NOTES**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds, in addition, special emergency notes were issued to temporarily fund special emergency authorizations. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2016, the Borough had \$7,866,001.00 outstanding bond anticipation notes and \$33,999.00 in special emergency notes that mature on December 4, 2017 at an interest rate of 1.15%.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 4: BOND ANTICIPATION NOTES/SPECIAL EMERGENCY NOTES, (continued)**

The following activity related to bond anticipation notes/special emergency notes occurred during the calendar year ended December 31, 2016.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Bank	<u>\$7,700,000.00</u>	<u>\$7,900,000.00</u>	<u>\$7,700,000.00</u>	<u>\$7,900,000.00</u>
	<u>\$7,700,000.00</u>	<u>\$7,900,000.00</u>	<u>\$7,700,000.00</u>	<u>\$7,900,000.00</u>

**NOTE 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016 the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance to Succeeding Budget</u>
Special Emergency Authorization	<u>\$33,999.00</u>	<u>\$17,000.00</u>	<u>\$16,999.00</u>

**NOTE 6: SCHOOL TAXES**

Local district school taxes have been raised on a calendar year basis and there is no deferred liability at December 31.

**NOTE 7: PENSION PLANS**

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).



**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7: PENSION PLANS, (continued)**

*Public Employees' Retirement System (PERS)*

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7: PENSION PLANS, (continued)**

*Police and Firemens' Retirement System (PFRS)*

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

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

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7: PENSION PLANS, (continued)**

Defined Contribution Retirement Program, (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Rutherford opted for this deferral in the amount of \$664,409.00. The Outstanding balance at December 31, 2016 is \$482,433.00.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7: PENSION PLANS, (continued)**

Contribution Requirements, (continued)

compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2016	\$668,586.00	\$1,068,416.00	\$9,578.20
2015	649,195.00	1,003,073.00	12,473.93
2014	574,592.00	1,082,907.00	4,491.43

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

**Public Employees Retirement System (PERS)**

At December 31, 2016, the Borough had a liability of \$21,649,158.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0730967403 percent, which was an increase/(decrease) of (0.0009451873) percent from its proportion measured as of June 30, 2015.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

For the year ended December 31, 2016, the Borough recognized pension expense of \$668,586.00. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$402,609.00	\$
Changes of assumptions	4,484,549.00	
Net difference between projected and actual earnings on pension plan investments	825,502.00	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	281,650.00	260,003.00
Borough contributions subsequent to the measurement date	<u>                    </u>	<u>                    </u>
Total	<u>\$5,994,310.00</u>	<u>\$260,003.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$1,286,154.00
2018	1,286,154.00
2019	1,490,052.00
2020	1,251,862.00
2021	398,438.00

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
Borough s Proportion	0.0730967403%	0.0740419276%

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Long-Term Rate of Return, (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 made based on the contribution rate in the most recent fiscal year. The State contributed 30% 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



**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Discount Rate, (continued)**

projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective 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, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Borough's proportionate share of the pension liability	\$26,528,516.00	\$21,649,158.00	\$17,620,825.00

**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 financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

At December 31, 2016, the Borough had a liability of \$25,549,108.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At June 30, 2016, the Borough's proportion was 0.1337470512 percent, which was an increase/(decrease) of 0.0107483476 percent from its proportion measured as of June 30, 2015.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

For the year ended December 31, 2016, the Borough recognized pension expense of \$1,068,416.00. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$	\$167,478.00
Changes of assumptions	3,538,761.00	
Net difference between projected and actual earnings on pension plan investments	1,790,175.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,348,351.00	1,198,415.00
Borough contributions subsequent to the measurement date	_____	_____
Total	<u>\$6,677,287.00</u>	<u>\$1,365,893.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$1,235,529.00
2018	1,235,529.00
2019	1,664,740.00
2020	984,418.00
2021	41,242.00

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014 amounts, respectively.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$4,547,316,543	\$3,512,729,953
Collective deferred inflows of resources	688,197,590	871,083,367
Collective net pension liability	20,706,699,056	16,656,514,197
Borough's Proportion	0.1337470512%	0.1229987036%

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.65 Percent

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% 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 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective 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, 2016		
	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Borough's proportionate share of the pension liability	\$35,710,155.00	\$25,549,108.00	\$21,158,396.00

**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 Police and Firemen's Retirement System (PFRS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2016 and 2015 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	<u>\$1,625,000.00</u>	<u>\$1,140,000.00</u>

**NOTE 9: FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2016.

	Balance <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2016</u>
Land	\$46,365,800.00			\$46,365,800.00
Land Improvements	2,510,121.00	\$87,742.00	\$	2,597,863.00
Buildings	11,802,095.00			11,802,095.00
Building Improvements	2,773,335.00	65,239.00		2,838,574.00
Machinery and Equipment	<u>12,486,913.00</u>	<u>827,167.00</u>	<u>341,756.00</u>	<u>12,972,324.00</u>
	<u>\$75,938,264.00</u>	<u>\$980,148.00</u>	<u>\$341,756.00</u>	<u>\$76,576,656.00</u>

**NOTE 10: ACCRUED SICK AND VACATION BENEFITS**

The Borough permits employees to accrue sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$3,836,016.67. Annually, the amount required is budgeted and charged to operations as paid. No liability has been recorded in the Borough's financial statements.

**NOTE 11: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2016 consist of the following:

<u>\$291,302.17</u>	Due to the Current Fund from Other Trust Fund for interest earned and Other Trust Fund bills paid by the Current Fund.
---------------------	--

It is anticipated that all interfunds will be liquidated during the fiscal year.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 12: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)**

On July 23, 2002, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

The Variable Annuity Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150.00 to each eligible volunteer who accumulates a minimum of 100 service points based on criteria established by Borough Ordinance No. 2906-99. In addition, the ordinance does not provide for prior years service credit. The amount of the LOSAP award cannot exceed \$1,150.00 annually, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2016 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 13: RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2016 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Rutherford 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.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 13: RISK MANAGEMENT, (continued)**

The Borough of Rutherford is a member of the South Bergen Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage for member municipalities. The Borough of Rutherford pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Rutherford is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides excess insurance coverage for claims for general liability, automobile liability and workers' compensation.

The JIF also provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

In addition, the Borough is also a member of the Bergen Municipal Employees Benefit Fund for employee health insurance.

Financial statements for the Funds are available at the office of the Funds' Executive Director, Public Entity Risk Management Services, 9 Campus Drive, Parsippany, NJ, 07054.

**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. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:



**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 13: RISK MANAGEMENT, (continued)**

<b>Year Ended</b>	<b>Interest Earnings/</b>		<b>Amount</b>	<b>Ending</b>
<b>Dec. 31,</b>	<b>Borough</b>	<b>Employee</b>	<b>Reimbursed</b>	<b>Balance</b>
<u>2016</u>	<u>Contributions</u>	<u>Contributions</u>	<u>2016</u>	<u>2015</u>
2016	\$3,219.46	\$14,197.39	\$2,846.16	\$66,468.41
2015	16,994.17	14,436.37	4,773.34	51,897.72
2014	18,196.32	14,301.64	31,798.74	30,240.52

The Borough of Rutherford continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance.

**NOTE 14: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u>	<u>Balance</u>
	<u>Dec 31, 2016</u>	<u>Dec 31, 2015</u>
Prepaid Taxes	<u>\$358,488.04</u>	<u>\$281,472.32</u>
Cash Liability for Taxes Collected in Advance	<u>\$358,488.04</u>	<u>\$281,472.32</u>

**NOTE 15: COMMITMENTS AND CONTINGENT LIABILITIES**

The Borough is a defendant in various legal proceedings. These cases, if decided against the Borough, would either be funded by insurance or raised by future taxation. The Borough's legal counsel estimates such amounts to be immaterial, except for the following:

IMO PBA Local 300 & Rutherford re Medicare Part B, BER-C-174-13, now on appeal under Docket No. A-2055-16. Through the grievance process under the PBA Local 300 collected negotiated agreement (CNA) a retired police officer asserted that the Borough should pay for Medicare Part B benefits for he and his wife under the contract under which he retired. The matter proceeded to arbitration and the arbitrator assigned by the Public Employee Relations Commission (PERC) determined that the police officer and his wife were not entitled to this coverage.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 15: COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

At the time of our response to last year's request, this matter was on appeal from the arbitration decision in the Superior Court of New Jersey under Docket Number C-174-13. Superior Court Judge Menelaos Toskos confirmed the entirety of the arbitrator's decision (in favor of the Borough) but remanded one issue back to the arbitrator. Specifically, Judge Toskos requested that the arbitrator provide analysis into his reasoning pertaining to a violation of the Federal Age Discrimination in Employment Act ("ADEA"). The arbitrator issued an amended decision clarifying his earlier decision and confirmed his opinion that the Borough did not violate the Collected Negotiation Agreement (CNA) between Rutherford and PBA Local 300 by failing to reimburse for Medicare Part B.

Counsel for PBA Local 300 has now filed an action in Superior Court under Docket No. 114-15 seeking to vacate the remanded portion of the decision and we have filed an Answer and Counterclaim requesting that the judge confirm the remanded decision. Counsel for the PBA also asserted a claim under the New Jersey Law Against Discrimination ("NJ LAD") and we were successful in precluding same via a motion for Partial Summary Judgment. Thereafter, Judge Toskos confirmed the arbitrator's award in its entirety, in which Judge Toskos opined that the CNA did not violate the Age Discrimination in Employment Act ("ADEA") The PBA then filed an appeal of Judge Tosko's decision to the Appellate Division which was assigned Docket Number A-2055-16. This matter was referred to Labor Counsel, Eric M. Bernstein & Associates, LLC on February 6, 2017.

The Appellate Division can arrive at several conclusions: (1) Overturn the decision; (2) Confirm the decision; or (3) Remand the decision. Should the Appellate Division overturn Judge Tosko's decision in the PBA's favor, then it is estimated that the potential exposure to the Borough will range between a low of \$321,000.00 to a high of 1 million dollars over the next 20 years. The potential damages are not covered by insurance. Other than monetary damages, the PBA Local 300 is seeking Part B Medicare coverage to be paid by the Borough.

As noted above, this matter was referred to the Law Office of Eric Bernstein & Associates, LLC. We have been advised that a briefing schedule has been finalized and that oral argument will be scheduled sometime this summer. At this point in time, considering the success in the Superior Court, the recommendation to the Borough management is to contest this case. There is a 60 percent chance of the Borough prevailing on appeal as traditional case law is contrary to the favorable outcome obtained from the PERC arbitrator's decision. The potential range of loss is stated above.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 16: OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 7, the Borough of Rutherford pays health insurance premiums for employees, which have retired according to their individual employment contracts. Currently, the Borough has 88 retired employees which have this benefit. The cost of these health insurance benefits, net of any reimbursements were \$1,517,985.64 for the period from January 1, 2016 through December 31, 2016 for approximately 65 retired employees and \$1,484,378.77 for the period January 1, 2015 through December 31, 2015 for approximately 66 retired employees.

The Borough's policy for all other employees is to pay for two months of health insurance premiums after the employee retires. Police & DPW employees with over 25 years of service and retiring after the age of 50 will receive lifetime paid health insurance benefits.

The Borough funds these benefits on a pay as you go basis and therefore does not record accrued expenses related to these benefits. As required by Government Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers fo Postemployment Benefits Other than Pensions" and State of New Jersey Local Finance Notice 2007-15 the Borough had an actuarial valuation of their postretirement medical obligations performed as of December 31, 2011. Below is the results of the Valuation as reported to the Borough by UHY Advisors, 153 Bauer Drive, Oakland, NJ 07436.

**Results of Valuation**

- *Actuarial Accrued Liability*

The Actuarial Accrued Liability ("AAL") as of December 31, 2014 is \$ 51,469,003 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2014.

- *Annual Required Contribution*

The Annual Required Contribution ("ARC") is the measure of annual cost on an accrual basis. It is comprised of the "Normal Cost" which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability ("UAAL"). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 16: OTHER POST EMPLOYMENT BENEFITS, (continued)**

The ARC as of December 31, 2014 is \$4,065,593 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2014. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 905,831
(2) Actuarial Accrued Liability	\$ 51,469,003
(3) Assets	\$ 0
(4) UAAL = (2)-(3)	\$ 51,469,003
(5) 30 Year Amortization of UAAL at Discount Rate	\$ 3,159,762
(6) ARC = (1)+(5)	\$ 4,065,593

**Basis of Valuation**

This valuation has been conducted as of December 31, 2014 based upon census, plan design and claims information provided by The Fund. Census includes 88 participants currently receiving retiree benefits, and 114 active participants of whom 12 are eligible to retire as of the valuation date. The average age of the active population is 45 and the average age of the retiree population is 63.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2011 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2013 report from Aon Consultants.

**BOROUGH OF RUTHERFORD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**NOTE 16: OTHER POST EMPLOYMENT BENEFITS, (continued)**

**Key Actuarial Assumptions**

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 25 years of service</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.50%</i>
<i>Medical Trend</i>	<i>8% in 2014, reducing by 0.5% per annum, leveling at 5% per annum in 2020</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods -- The valuation reflects per capita net premium costs based on actual 2014 medical, prescription drug, and dental husband and spouse premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (43) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capital plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of combined medical/prescription drug costs. 2012 employer contributions for retiree benefits as reported by the Fund and net of retiree contributions are \$1.440 million.
- Retiree Contributions – Current and future PBA retirees do not make contributions. Certain grandfathered non-PBA current retirees are not required to contribute either. All other retirees contribute 25% of the premium. It is assumed that this contribution scheme does not overstate the future contribution requirement under NJ Chapter 78, and therefore is assumed to not understate the obligations.
- Actuarial valuation method – Projected Unit Credit Funding Method.

**NOTE 17: SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through June 20, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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**SUPPLEMENTARY DATA**

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**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate:	<u>2.604</u>	<u>2.533</u>	<u>2.454</u>	<u>2.382</u>	<u>2.337</u>
<u>Apportionment of Tax Rate:</u>					
Municipal	.845	.846	.832	.811	.788
Municipal Library	.034	.031	.031	.031	.032
County	.247	.225	.215	.210	.210
County Open Space	.003	.003	.003	.003	.003
Local School	1.475	1.428	1.373	1.327	1.304

Assessed Valuation

2016	\$2,720,012,392.00
2015	2,726,370,461.00
2014	2,745,812,709.00
2013	2,784,650,057.00
2012	2,803,828,649.00

**COMPARISON OF TAX LEVIES AND COLLECTIONS 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 Collections</u>	<u>Percentage of Collection</u>
2016	\$70,932,614.16	\$69,874,069.49	98.50%
2015	69,301,366.91	68,407,933.15	98.71
2014	67,469,973.66	66,380,379.41	98.38
2013	66,411,587.23	64,769,417.96	97.52
2012	65,600,067.79	64,721,089.74	98.66

**DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the last five years. A comparison of the outstanding assessment and assessment title liens for the past five years is also shown.

<u>Taxes and Liens</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current Year	\$836,069.76	\$567,084.30	\$656,003.98	\$598,430.89	\$686,774.60
Prior Years	0.00	0.00	10,976.64	26,790.19	10,976.64
Tax Title Liens	<u>55,356.70</u>	<u>53,731.80</u>	<u>149,351.51</u>	<u>141,358.83</u>	<u>139,918.60</u>
Totals	<u>\$891,426.46</u>	<u>\$620,816.10</u>	<u>\$816,332.13</u>	<u>\$766,579.91</u>	<u>\$837,669.84</u>
Percentage of each years Tax Levy	1.25%	.89%	1.21%	1.15%	1.28%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

There was no property sold or acquired during the year 2016.

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

<u>Year</u>	<u>Amount</u>
2016	\$7,025.00
2015	7,025.00
2014	7,025.00
2013	7,025.00
2012	7,025.00

**COMPARATIVE SCHEDULE OF FUND BALANCE AND RESERVE FUNDS**

<u>Year</u>	<u>Current Fund</u>	
	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$5,762,453.94	\$1,625,000.00
2015	4,763,582.81	1,140,000.00
2014	3,348,896.83	790,000.00
2013	2,541,614.60	700,000.00
2012	2,501,202.15	500,000.00

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

		<u>Amount of Bond</u>	<u>Personal Surety</u>
Joseph DeSalvo, Jr.	Mayor		
Frank Nunziato	Council President		
Jack Manzo	Councilman		
Stephanie McGowan	Councilwoman		
Mark O'Connor	Councilman		
Carolyn Smith	Councilwoman		
Sean Walker	Councilman		
Caryn Miller	Tax Collector		
Gordon L. Stelter	Chief Financial Officer		
Margaret Scanlon	Borough Clerk		
Jillian Andrews	Court Administrator		
Warren Stroedecke	Judge		
Philip LaPorta	Borough Attorney		
Frank Recanati	Construction Official		
Paul Dansbach	Fire Protection Inspector		
Mary Ellen Sartori	Zoning Board Secretary/Planning Board Secretary		
Susan Fujii	Cashier		
Linda Hricik	Secretary to Board of Health		
Denis McGuire	Assessor		
Genevieve Kacmarcik	Welfare Director		

All of the Surety Bonds were presented for examination and were properly executed.

All employees are covered by Faithful Performance Blanket Position Bond, each for the sum of \$1,000,000 included in the coverage provided by the South Bergen Municipal Joint Insurance Fund.

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BOROUGH OF RUTHERFORD, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2016

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award Amount	Balance Jan. 1, 2016	Receipts	Cancelled/ Expended	Balance Dec. 31, 2016	Memo
								Cumulative Total Expenditures
Department of Housing and Urban Development Pass Through Funds: County of Bergen	Community Development Block Grant-							
	Barrier Free Curb Cuts	14.218	50,000.00	40,962.00			40,962.00	9,038.00
	Vanderburgh Ave. Improvements		66,680.00	46,044.00			46,044.00	20,636.00
	Williams Center Improvements		127,840.00	2,347.10	2,347.10			127,840.00
U.S. Department of Justice	Bullet Proof Vest Program	16.607	8,460.00	(5,684.00)	2,178.00		(3,506.00)	5,684.00
	Bullet Proof Vest Program - 2014	16.607	5,554.20	(5,554.20)	5,554.20			5,554.20
	Bullet Proof Vest Program - 2015	16.607	2,016.29					
U.S. Department of Justice Pass thru State of NJ	NJ State Police Emergency Mgmt.	97.042	10,000.00	10,000.00		10,000.00		10,000.00
	NJ State Police Emergency Mgmt.		1,090.00	1,090.00		1,090.00		1,090.00
	NJ State Police Emergency Mgmt.		5,000.00	5,000.00		5,000.00		5,000.00
	NJ State Police Emergency Mgmt.		5,000.00	5,000.00		5,000.00		5,000.00
	NJ State Police Emergency Mgmt.		5,000.00	5,000.00	5,000.00			5,000.00
National Highway Safety Pass thru State of NJ	Highway Safety - 2009	20.601	4,000.00	4,000.00		4,000.00		4,000.00
	Click It or Ticket - 2007	20.600	4,000.00	(75.00)		(75.00)		4,000.00
	Drive Sober or Get Pulled Over	20.616	5,000.00		4,900.00	4,900.00		4,900.00
U.S. Environmental Protection Agency	Municipal Stormwater Regulation	66.605	24,058.00	(714.00)		(714.00)		15,750.00
US Department of Homeland Security	Assistance to Firefighters Grant	97.044	38,500.00	1,220.80		1,220.80		37,279.20
	Assistance to Firefighters Grant	97.044	76,762.00			64,381.00	(64,381.00)	64,381.00
U.S. Department of Transportation Pass Through Funds: NJ Dept. of Trans.								
	Local Initiated Transit Service - FTA		2,018.19	0.08			0.08	
				<u>103,636.78</u>	<u>17,632.20</u>	<u>102,149.90</u>	<u>19,119.08</u>	<u>321,152.40</u>

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH THE FEDERAL UNIFORM GUIDANCE.

**BOROUGH OF RUTHERFORD, N.J.**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

State Grantor Department	Program Title	State Program/Account Number	Program Amount	Balance Jan. 1, 2016	Revenues/Receipts	Cancelled/Expended	Balance Dec. 31, 2016	Memo Cumulative Total Expenditures
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-100-078-6400	7,432.66	0.66			0.66	7,432.00
	Municipal Court Alcohol Education and Rehabilitation	9735-760-098-Y900-001	756.32 862.96 593.59 590.52 827.12 707.20 1,631.65	756.32 862.96 593.59 590.52 827.12 707.20			756.32 862.96 593.59 590.52 827.12 707.20 1,631.65	
Division of Criminal Justice	Body Armor Fund - 2008 Body Armor Fund - 2009 Body Armor Fund - 2010 Body Armor Fund - 2014 Body Armor Fund - 2015	1020-718-066-1020-001	4,371.00 4,052.00 5,076.13 3,874.05 3,867.77 3,627.75	(324.68) (3,880.00) 541.38 2,160.26 3,867.77			(324.68) (3,880.00) 541.38 2,160.26 3,867.77 3,627.75	4,371.00 3,880.00 4,534.75 1,713.79
Department of Human Services	General Assistance	7500-150-15801060 A/C#2	207,015.00	63,003.72			63,003.72	
Department of Community Affairs	Recreational Opportunities for Individuals with Disabilities		18,000.00 20,000.00 20,000.00	11,940.94 (13,175.75)		14,831.34	11,940.94 219.12 (2,212.55)	6,059.06 18,685.26 14,831.34
Department of Environmental Protection	Clean Communities Program	4900-785-178900-60	26,132.00 26,696.63 32,417.68 37,058.25	(2,822.25) 9,458.11 29,175.91		(2,822.25) 2,791.45 15,169.64 3,705.83	6,666.66 14,006.27 33,352.42	26,132.00 19,999.97 18,411.41
	Recycling Tonnage Grant Recycling Tonnage Grant	4900-752-042-4900	20,458.38 20,028.72 24,924.00	0.87		20,028.72	0.87	20,457.51 20,028.72
	Green Acres - Kids Spot Green Acres - Wall Field Improvements Green Acres - Memorial & Lincoln Field Imp.		60,000.00 105,648.00 194,000.00	36,871.77 (105,648.00)			36,871.77 (105,648.00)	
Bergen County Municipal Alliance Grant	Governor's Alcohol and Drug Abuse Prevention	1110-448-031020-22	12,953.00 12,157.00 12,157.00 15,177.00 11,677.00	(25.61) (2,473.06) (1,969.75)		(25.61) (2,473.06) (1,969.75)		12,953.00 9,468.06 5,008.75 11,288.50 1,728.00
Department of Transportation	Transportation Trust Fund Woodland Avenue Fairview Avenue Morimer Avenue - Ph. I Ridge Road - Ph. II 2015 Municipal Road Aid Projects	6320-480-078-6320 6320-480-078-6320 6320-480-078-6320 6320-480-078-6320 6320-480-078-6320	140,000.00 100,000.00 200,000.00 146,500.00 149,000.00	29,430.99 100,000.00 107,510.00 (36,625.00)		29,430.99 100,000.00 107,510.00 (36,625.00)		140,000.00 100,000.00 200,000.00 88,947.71
			231,345.99		203,959.74	287,905.30	122,476.43	735,950.83

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH N.J. OMB CIRCULAR 15-08.

**Borough of Rutherford , N.J.**  
**Schedule of Cash - Collector-Treasurer**  
**Current Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2015	A	\$ 8,268,877.79
<b>Increased by Receipts:</b>		
Interest and Costs on Taxes	A-2	137,244.61
Miscellaneous Revenue Not Anticipated	A-2	210,427.55
Appropriated Grants Cancelled	A-5	59,294.05
Petty Cash Returned	A-6	800.00
Advance/Security Deposit	A-9	68.10
Taxes Receivable	A-10	70,033,494.35
Revenue Accounts Receivable	A-13	4,322,543.55
Interfunds	A-14	328,732.83
Prepaid Taxes	A-19	358,488.04
Due From State - Senior Citizen and Veteran Deductions	A-8	126,561.78
Various Cash Liabilities and Reserves	A-22	997,300.14
		<u>76,574,955.00</u>
		<u>84,843,832.79</u>
<b>Decreased by Disbursements:</b>		
Current Year Budget Appropriations	A-3	26,329,021.10
Matching Funds for Grants	A-3	47,338.00
Grants Receivable Cancelled	A-5	42,671.33
Interfunds	A-14	321,889.71
Appropriation Reserves	A-17	640,451.94
Refund Prior Year Taxes	A-1	258,324.61
Due County for Prior Year Pilot	A-1	1,192.41
Petty Cash Advanced	A-6	800.00
Local District School Taxes	A-20	40,102,077.00
County Taxes Payable	A-21	6,806,365.80
Various Cash Liabilities and Reserves	A-22	1,188,811.49
		<u>75,738,943.39</u>
Balance - December 31, 2016	A	\$ <u>9,104,889.40</u>

**Borough of Rutherford , N.J.**  
**Schedule of Cash - Grant Fund**  
**Grant Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>		
Balance - December 31, 2015			\$ 208,079.33
Increased by Receipts:			
Grants Receivable	A-16	254,519.99	
Grants Receivable Cancelled	A-4/A-16	42,671.33	
Unappropriated Reserve for Grants	A-24	5,863.23	
Matching Funds for Grants	A-3	47,338.00	
			350,392.55
			558,471.88
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-23	423,547.16	
Appropriated Reserve for Grants Cancelled	A-4/A-23	59,294.05	
			482,841.21
Balance - December 31, 2016			\$ 75,630.67



**Exhibit A-6**

**Borough of Rutherford , N.J.**

**Schedule of Petty Cash**

**Current Fund**

**Year Ended December 31, 2016**

Ref.

Increased by:		
Cash Received	A-4	\$ <u>800.00</u>
Decreased by:		
Cash Disbursed	A-4	\$ <u>800.00</u>

**Exhibit A-7**

**Borough of Rutherford , N.J.**

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2016**

Ref.

Balance - December 31, 2015	A	\$ <u>770.00</u>
Balance - December 31, 2016	A	\$ <u>770.00</u>
<u>Analysis of Balance:</u>		
Borough Clerk		50.00
Court Clerk		300.00
Tax Collector		300.00
Construction Code Official		75.00
Health Officer		20.00
Police Department		25.00
		<u>770.00</u>

## Borough of Rutherford , N.J.

Schedule of Amount Due from/(to) State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

## Current Fund

## Year Ended December 31, 2016

		<u>Ref.</u>	
Balance - December 31, 2015	Due to	A	\$ 1,634.52
Increased by:			
Senior Citizens' Deductions Per Tax Billing			15,250.00
Veterans' Deductions Per Tax Billing			113,000.00
Senior Citizens' and Veterans' Allowed			1,750.00
			<u>130,000.00</u>
Less:			
Senior Citizens' and Veterans' Disallowed - Prior			3,062.88
Senior Citizens' and Veterans' Disallowed - Current			750.00
		A-10	<u>126,187.12</u>
			<u>127,821.64</u>
Decreased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash		A-4	<u>126,561.78</u>
Balance - December 31, 2016	Due from	A	<u>\$ 1,259.86</u>

Exhibit A-9

## Advance/Security Deposit

## Current Fund

## Year Ended December 31, 2016

		<u>Ref.</u>	
Balance - December 31, 2015		A	\$ 514.52
Decreased by:			
Receipts		A-4	<u>68.10</u>
Balance - December 31, 2016		A	<u>\$ 446.42</u>

Borough of Rutherford, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2016

Year	Balance, Dec. 31, 2015	Original Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	(Adjusted)/ Cancelled	Balance, Dec. 31, 2016
			2015	2016				
2015	\$ 567,084.30			570,147.18	(3,062.88)			
	567,084.30			570,147.18	(3,062.88)			
2016		70,829,122.26	103,491.90	281,472.32	129,250.00	1,624.90	220,850.01	836,069.76
	\$ 567,084.30	70,829,122.26	103,491.90	281,472.32	126,187.12	1,624.90	220,850.01	836,069.76
	A			A-2/A-19	A-2/A-8	A-11		A

Analysis of Tax Levy

	Ref.
Tax yield:	
General Property Tax	70,531,011.34
Public Utility Tax	298,110.92
Added Tax (R.S. 54:4-63.1 et seq.)	103,491.90
	<u>70,932,614.16</u>
Tax Levy:	
Local District School Tax	40,102,077.00
County Tax including Open Space Tax	6,784,600.04
Added County Taxes	9,920.96
	<u>6,794,521.00</u>
	<u>46,896,598.00</u>
Local Tax for Municipal Purposes	23,922,329.80
Additional Taxes	113,686.36
	<u>24,036,016.16</u>
	<u>70,932,614.16</u>

**Borough of Rutherford , N.J.**

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015	<u>Ref.</u> A	\$ 53,731.80
Increased by:		
Transfer from Taxes Receivable	A-10	<u>1,624.90</u>
Balance - December 31, 2016	A	<u><u>\$ 55,356.70</u></u>

**Schedule of Property Acquired for  
Taxes Assessed Valuation**

**Current Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015	<u>Ref.</u> A	\$ <u>7,025.00</u>
Balance - December 31, 2016	A	<u><u>\$ 7,025.00</u></u>

Schedule of Property Acquired for Taxes

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
2	41A	100.00
4	13A	200.00
99	36	400.00
104A	21B	600.00
150A	14B	100.00
158	9	100.00
166	1B	100.00
166	2E	100.00
166	8B	100.00
166	11B	100.00
168	24	400.00
168	25A	250.00
220	6	475.00
220	8	1,200.00
220	14	400.00
220	15B	2,400.00
		<u><u>7,025.00</u></u>

**Borough of Rutherford , N.J.**  
**Schedule of Revenue Accounts Receivable**  
**Current Fund**  
**Year Ended December 31, 2016**

	Ref.	Balance Dec. 31, 2015	Accrued	Collected	Balance Dec. 31, 2016
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	\$	19,959.50	19,959.50	
Other	A-2		5,888.00	5,888.00	
Fees, Permits and Miscellaneous	A-2		16,840.00	16,840.00	
Assessment and Tax Search Officer:					
Assessment and Tax Searches	A-2		10.00	10.00	
Board of Health/Registrar of Vital Statistics:					
Fees and Permits	A-2		39,469.00	39,469.00	
Building Department					
Other Licenses	A-2		600.00	600.00	
Planning Board / Board of Adjustment Fees	A-2		3,900.00	3,900.00	
Clothing Bin Fees	A-2		2,525.00	2,525.00	
Municipal Court - Fines and Costs	A-2	39,881.03	469,423.57	477,591.36	31,713.24
Parking Meters	A-2		268,856.23	268,856.23	
Interest on Investments	A-2		207,314.24	207,314.24	
Parking Lot Permits	A-2		134,357.50	134,357.50	
Uniform Fire Safety Fees - Local Fees	A-2		82,093.00	82,093.00	
Elevator Inspection Fees	A-2		60.00	60.00	
Consolidated Municipal Property Tax Relief Aid	A-2		63,296.00	63,296.00	
Energy Receipts Tax	A-2		1,321,293.00	1,321,293.00	
Uniform Construction Code Fees	A-2		419,999.40	419,999.40	
Uniform Fire Safety Act - LEA Rebate	A-2		16,403.40	16,403.40	
Lease of Borough Property	A-2		162,700.67	162,700.67	
Cable TV Franchise Fee	A-2		258,034.25	258,034.25	
Nursing Services Non-Public School Pupils	A-2		38,520.00	38,520.00	
Nereid Boat Club - Green Trust Loan Repayment	A-2		21,988.06	21,988.06	
Fees and Permits - Recycling Revenues	A-2		4,155.05	4,155.05	
Due from Free Public Library	A-2		230,000.00	230,000.00	
PILOT - ENCAP	A-2		118,750.00	118,750.00	
PILOT - Rutherford Senior Housing Committee	A-2		24,575.27	24,575.27	
Hotel Occupancy Fee	A-2		283,034.22	283,034.22	
NJMC Tax Sharing	A-2		128,553.00	128,553.00	
		\$ 39,881.03	4,342,598.36	4,350,766.15	31,713.24
		A			A
Receipts	A-4			4,322,543.55	
Prepaid Licenses & Fees	A-22			28,222.60	
				4,350,766.15	

**Borough of Rutherford , N.J.**

**Schedule of Interfunds**

**Current Fund**

**Year Ended December 31, 2016**

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To)</u> <u>Balance</u>		<u>Increased</u>	<u>Decreased</u>	<u>Due From/(To)</u> <u>Balance</u>	
		<u>Dec. 31, 2015</u>				<u>Dec. 31, 2016</u>	
Special Assessment Trust Fund	A	\$		72.02	72.02		
Dog License Fund	A			4.43	4.43		
Other Trust Fund	A		298,145.29	291,302.17	298,145.29		291,302.17
Public Assistance Fund	A			30,511.09	30,511.09		
			<u>\$ 298,145.29</u>	<u>321,889.71</u>	<u>328,732.83</u>		<u>291,302.17</u>
 <u>Analysis</u>							
Due to Current Fund	A/A-1		<u>298,145.29</u>				<u>291,302.17</u>
			<u>298,145.29</u>				<u>291,302.17</u>
Disbursed	A-4			321,889.71			
Received	A-4				<u>328,732.83</u>		
				<u>321,889.71</u>	<u>328,732.83</u>		

Borough of Rutherford, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-53 - Special Emergency

Current Fund

Year Ended December 31, 2016

	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2015</u>	<u>Reduced in 2016</u>	<u>Balance, Dec. 31, 2016</u>
7/23/2013	Preparation of Tax Maps	\$ 84,999.00	16,999.80	50,999.00	17,000.00	33,999.00
		\$ 84,999.00	16,999.80	50,999.00	17,000.00	33,999.00
				A	A-3	A

**Borough of Rutherford , N.J.  
Schedule of Grants Receivable  
Federal and State Grant Fund  
Year Ended December 31, 2016**

Grant	Balance, Dec. 31, 2015	Budget Revenue	Received	Cancelled	Balance, Dec. 31, 2016
Clean Communities Program	\$ 2,822.25	37,058.25	37,058.25	2,822.25	
Clean Communities Program - 2016					
Municipal Alliance on Alcoholism and Drug Abuse - 2009	25.61			25.61	
Municipal Alliance on Alcoholism and Drug Abuse - 2010	8,201.00			8,201.00	
Municipal Alliance on Alcoholism and Drug Abuse - 2011	12,157.00			12,157.00	
Municipal Alliance on Alcoholism and Drug Abuse - 2012	1,482.78			1,482.78	
Municipal Alliance on Alcoholism and Drug Abuse - 2014/15	3,888.50		1,728.00		3,888.50
Municipal Alliance on Alcoholism and Drug Abuse - 2015/16	11,677.00				9,949.00
Board of Public Utility - Energy Audit - 2009	7,471.50		5,238.05	7,471.50	
BCB Community Bank - Police Equipment					
N.J. Div. Of Law & Public Safety:					
- Click It or Ticket 2007	75.00			75.00	
- Drive Sober or Get Pulled Over					
NJDEP - Electric Vehicle Workplace Charging Grant		5,000.00	4,900.00		100.00
Alcohol Education and Rehabilitation Fund - 2016		40,000.00			40,000.00
NJDEP Forestry Management Plan Grant		1,631.65	1,631.65		
Bulletproof Vest Partnership Grant		150,000.00			150,000.00
Bulletproof Vest Partnership Grant - 2014	8,460.00		2,178.00		6,282.00
Bulletproof Vest Partnership Grant - 2015	5,554.20		5,554.20		
Sustainable New Jersey	2,016.29				2,016.29
Municipal Stormwater Regulation Program Grant	10,000.00				10,000.00
N.J. Div. Of Criminal Justice - Body Armor Grant 2008	9,022.00				
N.J. Div. Of Criminal Justice - Body Armor Grant 2009	324.68				324.68
N.J. Div. Of Criminal Justice - Body Armor Grant - 2016	4,052.00				4,052.00
Recycling Tonnage Grant					
Body Worn Camera (WBC) Assistance Program		3,627.75	3,627.75		
Assistance to Firefighters Grant		44,952.72	44,952.72		
Office of Emergency Management - EMMA Grant		10,000.00			10,000.00
Bergen County Historic Preservation Grant - 2015		76,762.00			76,762.00
Bergen County History Grant for Special Projects - 2016		5,000.00	5,000.00		
Bergen County ADA Cooperative Grant					
Bergen County Union Ave. Drainage Imp. Project	43,500.00				43,500.00
Bergen County Local Arts Program Grant - 2015	61,125.00		1,755.00		235.00
Bergen County Local Arts Program Grant - 2016	274,390.00				274,390.00
Bergen County Local Arts Program Grant - 2016	770.00		770.00		
		3,800.00	2,850.00		950.00



**Borough of Rutherford , N.J.**

**Schedule of Grants Receivable**

**Federal and State Grant Fund**

**Year Ended December 31, 2016**

<u>Grant</u>	<u>Balance, Dec. 31, 2015</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance, Dec. 31, 2016</u>
Donations - Police Equipment					
NJ Meadowlands Commission - Municipal Assistance Grant 2008	75.40			75.40	
NJ Meadowlands Commission - Municipal Assistance Grant 2009	1,338.79	3,100.00	3,100.00	1,338.79	
Bergen County Open Space Grant - WWI Monument	11.00				11.00
Bergen County Open Space Grant - Sunset Memorial Park Improvements		18,061.00			18,061.00
Bergen County Open Space - Lincoln & Memorial Parks	18,061.00				18,061.00
Bergen County Open Space - Memorial Field	25,254.00		19,215.00		6,039.00
Recreational Opportunities for Individuals with Disabilities	20,000.00		12,618.79		7,381.21
Recreational Opportunities for Individuals with Disabilities	14,490.49		13,394.87		1,095.62
N.J. Transportation Trust Fund Authority Act - Mortimer Ave.	4,384.16				4,384.16
N.J. Transportation Trust Fund Authority Act - Ridge Road II	36,625.00				36,625.00
N.J. Transportation Trust Fund Authority Act	149,000.00		88,947.71		60,052.29
	<u>\$ 736,254.65</u>	<u>406,221.42</u>	<u>254,519.99</u>	<u>42,671.33</u>	<u>845,284.75</u>
	<u>A</u>	<u>A-2</u>		<u>A-1/A-5</u>	<u>A</u>

Ref.

A-5

Receipts

254,519.99  
254,519.99

## Borough of Rutherford , N.J.

## Schedule of Appropriation Reserves

## Current Fund

Page 1 of 2

Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
General Administration	\$ 83,683.62	83,683.62		83,683.62
Mayor and Council	0.13	0.13		0.13
Municipal Clerk	837.47	837.47		837.47
Financial Administration	27,484.90	27,484.90	386.50	27,098.40
Collection of Taxes	1,999.56	1,999.56		1,999.56
Assessment of Taxes	27,894.65	27,894.65		27,894.65
Property Management Enforcement	10,485.65	10,485.65	281.32	10,204.33
Police	343,441.30	305,941.30	30,551.67	275,389.63
Emergency Management	0.07	0.07		0.07
Fire Official	8,469.91	8,469.91		8,469.91
Municipal Prosecutor	99.87	99.87		99.87
Municipal Court	25,284.34	25,284.34		25,284.34
Public Defender	0.07	0.07		0.07
Road Repairs and Maintenance	89,792.30	89,792.30	3,311.97	86,480.33
Shade Tree	2,622.25	2,622.25		2,622.25
Sewer System	4,630.01	4,630.01	113.97	4,516.04
Garbage and Trash	36,951.71	36,951.71	2,644.30	34,307.41
Recycling Program	25,648.32	25,648.32	4,603.66	21,044.66
Public Buildings and Grounds	5,033.17	5,033.17		5,033.17
Board of Health	500.41	500.41		500.41
Administration of Public Assistance	1,500.02	1,500.02		1,500.02
Recreation Commission	58,416.14	58,416.14	2,643.31	55,772.83
Salary Attrition (Terminal Leave)	25,992.06	25,992.06		25,992.06
Construction Code Officials	35,107.66	35,107.66	1,575.00	33,532.66
Total Salaries and Wages Within "CAPS"	<u>815,875.59</u>	<u>778,375.59</u>	<u>46,111.70</u>	<u>732,263.89</u>
Other Expenses Within "CAPS":				
General Administration	6,237.20	10,701.20	599.00	10,102.20
Mayor and Council	232.51	232.51		232.51
Municipal Clerk	8,902.49	12,058.58	3,082.90	8,975.68
Financial Administration - Other	7,104.64	7,819.74	7,349.76	469.98
Financial Administration - Audit	25,000.00	25,000.00	24,200.00	800.00
Computerized Data Processing	13,124.79	15,905.62	5,273.00	10,632.62
Collection of Taxes	1,860.12	2,100.58	240.46	1,860.12
Assessment of Taxes	17,773.12	18,318.12	2,888.00	15,430.12
Legal Services and Costs	39,126.87	101,860.70	76,966.33	24,894.37
Engineering Services & Costs	44,801.97	73,861.22	52,559.25	21,301.97
Planning Board	4,995.63	5,299.58	357.21	4,942.37
Board of Adjustment	19,778.00	22,890.00	6,683.74	16,206.26
Property Management Enforcement	300.00	300.00		300.00
Police	9,548.78	65,135.33	60,203.50	4,931.83
Emergency Management Services	4,109.26	8,460.26		8,460.26
Fire	680.32	45,400.69	42,943.84	2,456.85
Fire Official	231.60	3,705.11	3,245.56	459.55
Municipal Court	6,406.52	7,468.52	1,392.00	6,076.52
Road Repairs and Maintenance	38,676.31	84,408.81	55,733.99	28,674.82
Shade Tree Division	4,738.57	14,664.03	8,327.72	6,336.31
Sewer System	18,528.32	36,908.72	18,601.24	18,307.48
Garbage & Trash Removal	2,509.73	8,280.10	5,035.37	3,244.73
Public Buildings and Grounds	49,728.66	76,709.06	22,392.13	54,316.93
Garbage & Trash Removal - Dumping Fees	65,038.03	108,098.75	75,494.88	32,603.87
Board of Health	5,810.33	7,239.03	1,480.49	5,758.54
Animal Control	2,812.68	4,654.34	1,841.66	2,812.68
Administration of Public Assistance	725.20	1,125.63	559.39	566.24
Rutherford Senior Citizens - Kip Center	13,750.00	13,750.00	13,750.00	
Recreation Department	21,179.37	22,719.23	9,303.87	13,415.36
Educational Plan for Employees	62.00	62.00		62.00
General Liability Insurance	14,966.97	14,966.97	7,000.00	7,966.97
Workers Compensation Insurance	364.54	364.54		364.54
Employee Group Insurance	372,170.66	284,544.89	5,382.98	279,161.91
Other Insurance Premiums	4,931.00	4,931.00	602.00	4,329.00

**Borough of Rutherford , N.J.**  
**Schedule of Appropriation Reserves**

**Current Fund**

Page 2 of 2

**Year Ended December 31, 2016**

	Balance, Dec. 31, <u>2015</u>	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Health Benefit Waiver	2,014.33	2,014.33	1,667.67	346.66
Legal Settlements	25,000.00	25,000.00		25,000.00
Joint Meeting	2,000.00	2,000.00		2,000.00
Construction Code Official	2,177.48	3,200.94	925.46	2,275.48
Electricity	70,977.42	73,539.78	46,404.06	27,135.72
Street Lighting	53,224.56	53,224.56	45,340.01	7,884.55
Telephone	6,562.12	9,988.32	5,107.51	4,880.81
Water	9,015.73	9,015.73	4,990.43	4,025.30
Fuel Oil	8,400.00	14,288.74		14,288.74
Gasoline	31,795.76	110,188.27	6,194.26	103,994.01
Contingent	3,175.00	3,175.00	457.14	2,717.86
<b>Total Other expenses Within "CAPS"</b>	<u>1,040,548.59</u>	<u>1,415,580.53</u>	<u>624,576.81</u>	<u>791,003.72</u>
<b>Deferred Charges and Statutory Expenditures Within "CAPS":</b>				
Public Employees' Retirement System	805.00	805.00		805.00
Social Security System (O.A.S.I.)	42,825.89	42,825.89	462.45	42,363.44
Police and Firemen's Retirement System	1,373.89	1,373.89		1,373.89
Defined Contribution Retirement Plan	1,026.07	1,026.07		1,026.07
<b>Total Deferred Charges and Statutory Expenditures Within "CAPS"</b>	<u>46,030.85</u>	<u>46,030.85</u>	<u>462.45</u>	<u>45,568.40</u>
<b>Total Reserves Within "CAPS"</b>	<u>1,902,455.03</u>	<u>2,239,986.97</u>	<u>671,150.96</u>	<u>1,568,836.01</u>
<b>Other Expenses Excluded From "CAPS":</b>				
Maintenance of Free Public Library	19,213.35	19,213.35	19,213.35	
Passaic Valley Trunk Sewer	2,231.54	2,231.54		2,231.54
BCUA Sewer Charges	13.77	13.77		13.77
<b>Total Other Expenses Excluded from "CAPS"</b>	<u>21,458.66</u>	<u>21,458.66</u>	<u>19,213.35</u>	<u>2,245.31</u>
<b>Total Reserves Excluded from "CAPS"</b>	<u>21,458.66</u>	<u>21,458.66</u>	<u>19,213.35</u>	<u>2,245.31</u>
<b>Total Reserves</b>	<u>\$ 1,923,913.69</u>	<u>2,261,445.63</u>	<u>690,364.31</u>	<u>1,571,081.32</u>
				A-1
<b>Appropriation Reserve Prior Year Encumbrances</b>	<u>Ref.</u> Above A-18	1,923,913.69 <u>337,531.94</u> <u>2,261,445.63</u>		
<b>Transfer to Accounts Payable Disbursed</b>	A- 22 A-4		49,912.37 <u>640,451.94</u> <u>690,364.31</u>	

**Borough of Rutherford , N.J.**  
**Schedule of Encumbrances Payable**  
**Current Fund**  
**Year Ended December 31, 2016**

Balance - December 31, 2015	<u>Ref.</u> A	\$ 337,531.94
Increased by:		
Transfer from Current Appropriations	A-3	<u>384,164.21</u>
		721,696.15
Decreased by:		
Transfer to Appropriation Reserves	A-17	<u>337,531.94</u>
Balance - December 31, 2016	A	<u>\$ 384,164.21</u>

**Schedule of Prepaid Taxes**  
**Current Fund**  
**Year Ended December 31, 2016**

Balance - December 31, 2015	<u>Ref.</u> A	\$ 281,472.32
Increased by:		
Receipts - Prepaid 2017 Taxes	A-4	<u>358,488.04</u>
		639,960.36
Decreased by:		
Applied to 2016 Taxes	A-10	<u>281,472.32</u>
Balance - December 31, 2016	A	<u>\$ 358,488.04</u>

**Borough of Rutherford , N.J.**  
**Schedule of Local District School Tax**  
**Current Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Increased by:		
2016 Levy	A-1/A-10	\$ <u>40,102,077.00</u>
Decreased by:		
Payments	A-4	\$ <u><u>40,102,077.00</u></u>

**Schedule of County Taxes Payable**  
**Current Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ 21,765.76
Increased by:			
General County Tax	A-1/A-10	6,715,253.44	
Open Space Tax	A-1/A-10	69,346.60	
Added and Omitted Taxes	A-1/A-10	<u>9,920.96</u>	6,794,521.00
			<u>6,816,286.76</u>
Decreased by:			
Payments	A-4		<u>6,806,365.80</u>
Balance - December 31, 2016	A		\$ <u><u>9,920.96</u></u>

Borough of Rutherford, N.J.  
 Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2016

<u>Liabilities and Reserves</u>	Balance, Dec. 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2016</u>
<u>Liabilities:</u>				
Tax Overpayments	\$ 414.78	79,328.63	78,061.39	1,682.02
Accounts Payable	53,923.22	49,912.37	10,416.02	93,419.57
Prepaid Licenses, Fees & Permits, Other	108,732.60	29,145.70	28,222.60	109,655.70
Special Emergency Note	50,999.00		17,000.00	33,999.00
Redemption of Outside Liens	53,449.50	835,666.81	889,116.31	18,750.00
Due to State of New Jersey:	18,750.00	12,500.00	12,500.00	18,750.00
Marriage/Civil Union Fees	450.00	2,275.00	2,100.00	625.00
Construction Code - Training Fees	24,672.00	25,848.00	46,185.00	4,335.00
<u>Reserves for:</u>				
Tax Appeals	640,124.29	100,000.00		740,124.29
Blood Screenings	2,207.00	4,678.00	4,297.00	2,588.00
Length of Service Award Program	32,908.92	111,213.00	113,531.36	30,590.56
Maintenance of Free Public Library	7,898.00	7,858.00	15,756.00	
	<u>\$ 994,529.31</u>	<u>1,258,425.51</u>	<u>1,217,185.68</u>	<u>1,035,769.14</u>
	A			A
<u>Receipts</u>				
Disbursed	Ref. A-4	997,300.14		
Transfer from Current Year Appropriations	A-4		1,188,811.49	
Transfer from Appropriation Reserves	A-3	211,213.00		
Accounts Payable Cancelled	A-17	49,912.37		
Applied to Current Year Revenue	A-1		151.59	
	A-13		28,222.60	
		<u>1,258,425.51</u>	<u>1,217,185.68</u>	<u>1,217,185.68</u>

Borough of Rutherford, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2016

Grant	Balance, Dec. 31, 2015	Transfer From 2016 Budget	Expended	Cancelled	Balance, Dec. 31, 2016
BCB Bank - Police Equipment	\$	5,238.05	5,000.61		237.44
NJDMV - Police Wages					33,352.42
Clean Communities Program - 2016	9,458.11	37,058.25	3,705.83		6,666.66
Clean Communities Program - 2014	29,175.91		2,791.45		14,006.27
Clean Communities Program - 2015	5,727.94		15,169.64		
Municipal Alliance on Alcoholism and Drug Abuse -2010	10,187.25			5,727.94	
Municipal Alliance on Alcoholism and Drug Abuse -2011	1,432.38			10,187.25	
Municipal Alliance on Alcoholism and Drug Abuse -2012	3,888.50			1,432.38	
Municipal Alliance on Alcoholism and Drug Abuse -2014/15	11,677.00		1,728.00		3,888.50
Municipal Alliance on Alcoholism and Drug Abuse -2015/16	2,920.00		432.00		9,949.00
Municipal Alliance on Alcoholism and Drug Abuse -2015/16 Local		150,000.00			2,488.00
NJDEP - Community Forestry Management Plan		40,000.00			150,000.00
NJDEP - Electric Vehicle Workplace Charging Grant					5,168.66
2015- Recreation Opportunities for Individuals w/Disabilities	20,000.00		14,831.34		
2014- Recreation Opportunities for Individuals w/Disabilities - Local	4,000.00		4,000.00		
2013- Recreation Opportunities for Individuals w/Disabilities	1,314.74				1,314.74
NJ State Police - Emergency Management Grant - 2006	11,940.94				11,940.94
NJ State Police - Emergency Management Grant - 2008	5,000.00			5,000.00	
NJ State Police - Emergency Management Grant - 2006	5,000.00			5,000.00	
NJ State Police - Emergency Management Grant - 2008	1,090.00			1,090.00	
NJ State Police - Emergency Equipment	10,000.00	5,000.00	5,000.00	10,000.00	
Office of Emergency Management - EMMA Grant					
N.J. Div. Of Law & Public Safety - Domestic Preparedness		5,000.00			
- Drive Sober or Get Pulled Over					
- Highway Safety 2009		5,000.00	4,900.00	4,000.00	100.00
Recycling Tonnage Grant - 2016	4,000.00				
Recycling Tonnage Grant - 2015		20,028.72	20,028.72		
Assistance to Firefighters Grant		24,924.00			24,924.00
Assistance to Firefighters Grant - 2014	1,220.80			1,220.80	
Assistance to Firefighters Grant - Local Match					
Body Worn Cameras (BWC) Assistance Program		76,762.00	64,381.00		12,381.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2009	172.00				
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2011	541.25	3,838.00	3,219.00		619.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2014	2,160.26	10,000.00	10,000.00		
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2015	3,867.77				3,867.77
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2016		3,627.75			3,627.75
Bullet Proof Vest Fund	2,776.00				2,776.00
Donations - Police Equipment		3,100.00			3,100.00
Bullet Proof Vest Fund - 2015	2,016.29				
Body Armor Replacement Fund	170.82				170.82
Bergen County Local Arts Grant		3,800.00	3,800.00		
Bergen County History Grant for Special Projects		1,990.00	1,986.47		3.53
Bergen County Historic Preservation Grant	43,500.00				43,500.00
Bergen County Historic Preservation Grant - Local Match		43,500.00			43,500.00
Bergen County Open Space Grant - Lincoln & Memorial Parks	18,061.00				18,061.00

Borough of Rutherford, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2016

	Balance, Dec. 31, 2015	Transfer From 2016 Budget	Expended	Cancelled	Balance, Dec. 31, 2016
Grant					
Bergen County Open Space Grant - Memorial Field Renovations	25,254.00		19,215.00		6,039.00
Bergen County Open Space Grant - Walkway - 2009	1,169.00				1,169.00
Bergen County Open Space Grant - 2013	25,254.00				25,254.00
Bergen County Open Space Grant - Sunset Memorial Park		18,061.00			18,061.00
Sustainable New Jersey - 2010	7.18				7.18
Sustainable New Jersey - 2015	20,000.00		4,070.01		15,929.99
Bergen County 200 Club Water Rescue Equipment	1,500.00			1,500.00	
NJDEP Stormwater Grant	8,308.00			8,308.00	
NJ Meadowlands Commission - 2 Police Cars	478.90			478.90	
NJ Meadowlands Commission - Pedestrian Crossing Signs	35.00			35.00	
NJ Meadowlands Commission - Thermoplastic Paint	155.55			155.55	
NJ Meadowlands Commission - Community Policing	19.87			19.87	
NJ Meadowlands Commission - Hybrid Car & Curbs	5,138.36			5,138.36	
Labor Day Fair 2013	16,750.92				16,750.92
Labor Day Street Fair	2,550.00				2,550.00
Alcohol Education and Rehab. Fund - 2010	754.00				754.00
Alcohol Education and Rehab. Fund - 2011	862.96				862.96
Alcohol Education and Rehab. Fund - 2012	593.59				593.59
Alcohol Education and Rehab. Fund - 2013	580.52				580.52
Alcohol Education and Rehab. Fund - 2014	827.12				827.12
Alcohol Education and Rehab. Fund - 2015	707.20				707.20
Alcohol Education and Rehab. Fund - 2016		1,631.65			1,631.65
N.J. Department of Transportation:					
Fairview Avenue Improvements	100,000.00		100,000.00		
Woodland Avenue Improvements	29,430.99		29,430.99		
Mortimer	10,021.56		5,637.40		4,384.16
Mortimer	101,872.60		101,872.60		
2015 Municipal Aid	149,000.00				149,000.00
County Forfeiture of Funds 2010	9,021.00				9,021.00
Bergen County Community Development - Barrier Free Curbs Cuts	40,962.00				40,962.00
Bergen County Community Development - Williams Center	2,347.10		2,347.10		
Bergen County Community Development - Vanderburgh Ave. Imp.	46,044.00				46,044.00
Bergen County Union Ave. Drainage Imp. Project	110,008.37				110,008.37
Bergen County ADA Cooperative	21,373.40				21,373.40
	\$ 942,326.15	453,559.42	423,547.16	59,294.05	913,044.36
	A			A-1/A-5	A
Matching Funds for Grants	Ref.	47,338.00			
Transfer from Budget Appropriations	A-3	406,221.42			
Disbursement	A-3		423,547.16		
	A-5	453,559.42	423,547.16		



**Borough of Rutherford , N.J.**  
**Schedule of Unappropriated Reserves for Grants**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2016**

<u>Grant</u>	Balance, Dec. 31, 2015	Transfer To 2016 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, 2016
Drunk Driving Enforcement Fund	\$ 0.66			0.66
Alcohol Education and Rehab. Fund	2.32			2.32
Recycling Tonnage Grant	0.87			0.87
NJ - DOT Shuttle Grant	0.08			0.08
CDBG - Williams Center Improvements	1,828.00			1,828.00
Police Donations - Helmets/Equipment			5,938.23	5,938.23
Bergen County Forfeited Funds	0.77			0.77
NJ Body Armor Grant	0.13			0.13
Winter Festival	175.00		(75.00)	100.00
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,007.83		5,863.23	7,871.06
	<u>A</u>	<u>A-16</u>	<u>A-5</u>	<u>A</u>

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Borough of Rutherford, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2016

Ref.	B	\$	Dog License Fund	Other Trust Fund	Unemployment Compensation Fund	Payroll Agency	Special Assessment Fund	COAH Trust Fund	Emergency Services Volunteer LOSAP
Balance - December 31, 2015	B	\$		1,882,536.39	52,537.63	111,571.38	4,465.98	365,233.09	1,845,143.16
Increase by Receipts:									
Dog License Fees - Borough Share	B-6		3,627.00						
Dog License Fees - State Share	B-7		912.00						
Interfund - Current Fund	B-2		4.43	291,302.17		72.02			
Various Trust Funds	B-8			801,899.21					
Builders' Escrow Deposits	B-9			64,941.12					
Unemployment Compensation	B-10				17,416.85				
Payroll Deductions Payable	B-12				7,194,132.57				
Net Payroll	B-13				6,885,159.55				
Registrations Receivable	B-3					3,000.00			
Reserve fro Downtown Improvement Proj	B-15					45,701.19	4,322.95		
Reserve for COAH	B-17								113,531.36
LOSAP Contributions Receivable	B-5								128,591.29
Net Assets Available for Benefits	B-18								242,122.65
Total Receipts			4,543.43	1,158,142.50	17,416.85	14,079,292.12	48,773.21	4,322.95	
			4,543.43	3,040,678.89	69,954.48	14,190,863.50	53,239.19	369,556.04	2,087,265.81

Decreased by Disbursements:

Interfund - Current Fund	B-2		4.43	298,145.29			72.02		
Reserve for Dog Expenditures	B-6		3,627.00						
State Share - Dog Licenses	B-7		912.00						
Various Trust Funds	B-8			1,223,165.26					
Builders' Escrow Deposits	B-9			83,110.08					
Due to State of New Jersey	B-11				639.91				
Payroll Deductions Payable	B-12				7,214,332.48				
Net Payroll	B-13				6,885,159.55				
Due to Downtown Partnership	B-14						7,465.98		
Net Assets Available for Benefits	B-18								7,899.73
Total Disbursements			4,543.43	1,604,420.63	639.91	14,099,492.03	7,538.00		7,899.73
Balance - December 31, 2016	B	\$		1,436,258.26	69,314.57	91,371.47	45,701.19	369,556.04	2,079,366.08

**Borough of Rutherford, N.J.**

**Schedule of Interfunds**

**Trust Funds**

**Year Ended December 31, 2016**

	Due to/(from) Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2016</u>
Interfund - Current Fund:				
Dog License Fund	\$	4.43	4.43	
Special Assessment District		72.02	72.02	
Other Trust	298,145.29	291,302.17	298,145.29	291,302.17
	<u>298,145.29</u>	<u>291,378.62</u>	<u>298,221.74</u>	<u>291,302.17</u>
	B	B-1	B-1	B

**Borough of Rutherford, N.J.**  
**Schedule of Registrations Receivable**

**Trust Funds**

**Year Ended December 31, 2016**

	<u>Ref.</u>		
Balance - December 31, 2015	B		\$ 4,587.62
Decreased by:			
Receipts	B-1	3,000.00	
Cancelled	B-14	<u>1,587.62</u>	
			<u>4,587.62</u>
Balance - December 31, 2016	B		\$ <u><u>          </u></u>

**Schedule of Due From Rutherford Downtown Partnership**

**Trust Funds**

**Year Ended December 31, 2016**

	<u>Ref.</u>		
Increased by:			
Downtown Rutherford Bucks	B-15	\$ 2,155.00	
Dissolution of Downtown Partnership	B-16	<u>20,907.94</u>	
Balance - December 31, 2016	B		\$ <u><u>23,062.94</u></u>

Borough of Rutherford, N.J.

Schedule of Emergency Services Volunteer Length  
of Service Award Program - Contributions Receivable

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 48,258.60
Increased by:		
Borough Contributions	B-18	<u>100,555.16</u>
		148,813.76
Decreased by:		
Cancelled	B-18	2,582.40
Receipts	B-1	<u>113,531.36</u>
Balance - December 31, 2016	B	<u><u>\$ 32,700.00</u></u>

**Borough of Rutherford, N.J.**  
**Reserve for Dog License Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$
Increased by:		
Dog License Fees		3,603.00
Replacement Tags		24.00
	B-1	<u>3,627.00</u>
		<u>3,627.00</u>
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>3,627.00</u>
Balance - December 31, 2016	B	\$ <u><u>          </u></u>

License Fees Collected

<u>Year</u>	
2015	3,829.40
2014	<u>3,700.80</u>
	<u><u>7,530.20</u></u>

**Schedule of Due to State Department of Health**

**Trust Funds**

**Year Ended December 31, 2016**

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	\$ <u>912.00</u>
Decreased by:		
Paid to State	B-1	\$ <u>912.00</u>

**Borough of Rutherford, N.J.**

**Schedule of Other Trust Funds**

**Trust Funds**

**Year Ended December 31, 2016**

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Recreation Commission Dedicated Revenue	\$ 246,880.50	463,269.05	398,715.36	311,434.19
Recycling Trust Program	1,685.03	50.00		1,735.03
Parking Offense Adjudication Fund	11,034.02	6,248.00		17,282.02
Fire Safety Penalties	16,697.62	3,850.00	928.39	19,619.23
Premiums Received at Tax Sale	1,023,100.00	221,200.00	685,000.00	559,300.00
Field House Security Deposit	425.00			425.00
Municipal Alliance Against Drugs	2,257.22		59.96	2,197.26
Police Forfeited Funds	2,409.18	484.24	475.85	2,417.57
Flexible Spending Account	920.66	8,599.60	8,294.19	1,226.07
Outside Police Duty Escrow	89,100.00	63,150.00	99,550.00	52,700.00
Multicultural Account	4,025.15	17,070.61	16,838.05	4,257.71
Donations	17,046.83	17,977.71	13,303.46	21,721.08
	<u>\$ 1,415,581.21</u>	<u>801,899.21</u>	<u>1,223,165.26</u>	<u>994,315.16</u>
	B	B-1	B-1	B

**Schedule of Builders/Special Escrow Deposits**

**Trust Funds**

**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 168,809.89
Increased by:		
Escrow Deposits	B-1	<u>64,941.12</u>
		233,751.01
Decreased by:		
Disbursements	B-1	<u>83,110.08</u>
Balance - December 31, 2016	B	<u>\$ 150,640.93</u>



**Borough of Rutherford, N.J.**  
**Schedule of Reserve for Unemployment Insurance**  
**Trust Funds**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 51,897.72
Increased by:		
Employee Contributions		14,197.39
Budget Appropriation		2,500.00
Interest		719.46
	B-1	17,416.85
		69,314.57
Decreased by:		
Due to State of New Jersey	B-11	2,846.16
Balance - December 31, 2016	B	\$ 66,468.41

**Schedule of Due to State of New Jersey**  
**Trust Funds**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 639.91
Increased by:		
Unemployment Charges	B-10	2,846.16
		3,486.07
Decreased by:		
Disbursed	B-1	639.91
Balance - December 31, 2016	B	\$ 2,846.16

**Borough of Rutherford, N.J.**  
**Schedule of Payroll Deductions Payable**  
**Trust Funds**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 111,571.38
Increased by:		
Receipts	B-1	7,194,132.57
		<u>7,305,703.95</u>
Decreased by:		
Disbursed	B-1	<u>7,214,332.48</u>
Balance - December 31, 2016	B	<u>\$ 91,371.47</u>
<u>Analysis of Balance - December 31, 2016</u>		
Public Employees Retirement System		39,793.03
Contributory Insurance		2,095.77
Police and Fire Retirement System		46,327.69
Boston Mutual		525.16
AFLAC		2,629.82
		<u>91,371.47</u>

**Schedule of Net Payroll**  
**Trust Funds**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Increased by :		
Receipts	B-1	<u>\$ 6,885,159.55</u>
Decreased by :		
Disbursements	B-1	<u>\$ 6,885,159.55</u>

**Borough of Rutherford, N.J.**  
**Schedule of Due to Rutherford Downtown Partnership**  
**Trust Funds**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 9,053.60
Decreased by:		
Disbursed	B-1	7,465.98
Cancelled	B-3	<u>1,587.62</u>
		<u>9,053.60</u>
Balance - December 31, 2016	B	<u>\$ 0.00</u>

Exhibit B-15

**Schedule of Reserve for Downtown Rutherford Bucks**  
**Trust Funds**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Increased by:		
Dissolution of Downtown Partnership	B-4	<u>\$ 2,155.00</u>
Balance - December 31, 2016	B	<u>\$ 2,155.00</u>

Exhibit B-16

**Schedule of Reserve for Downtown Improvement Projects**  
**Trust Funds**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$
Increased by:		
Dissolution of Downtown Partnership	B-4	\$ 20,907.94
Receipts	B-1	<u>45,701.19</u>
Balance - December 31, 2016	B	<u>\$ 66,609.13</u>

Exhibit B-17

**Schedule of Reserve for Council on Affordable Housing**  
**Trust Funds**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 365,233.09
Increased by:		
Interest Earned	B-1	<u>4,322.95</u>
Balance - December 31, 2016	B	<u>\$ 369,556.04</u>

## Borough of Rutherford, N.J.

**Schedule of Emergency Services Volunteer Length  
of Service Award Program - Net Assets Available for Benefits**

**Trust Funds**

**Year Ended December 31, 2016**

	<u>Ref.</u>		
Balance - December 31, 2015	B		\$ 1,893,401.76
Increased by:			
Borough Contributions	B-5	100,555.16	
Interest Earned	B-1	6,358.75	
Gain/(Loss)	B-1	<u>122,232.54</u>	
			<u>229,146.45</u>
			2,122,548.21
Decreased by:			
Withdrawals	B-1	7,899.73	
Cancelled Receivable	B-5	<u>2,582.40</u>	
			<u>10,482.13</u>
Balance - December 31, 2016	B		\$ <u><u>2,112,066.08</u></u>

**Borough of Rutherford , N.J.**

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ <u>3,001,725.22</u>
Increased by Receipts:		
Capital Improvement Fund	C-12	1,075,000.00
Bond Anticipation Notes	C-9	7,866,001.00
Reserve for Debt Seervice	C-14	239,471.45
		<u>9,180,472.45</u>
		<u>12,182,197.67</u>
Decreased by Disbursements:		
Bond Anticipation Notes	C-9	7,034,001.00
Improvement Authorizations	C-10	1,082,990.41
Encumbrances Payable	C-11	317,133.42
		<u>8,434,124.83</u>
Balance - December 31, 2016	C	\$ <u><u>3,748,072.84</u></u>

**Borough of Rutherford , N.J.**

**Analysis of Cash**

**General Capital Fund**

**Year Ended December 31, 2016**

Fund Balance	<u>Ref.</u>	
Various Receivables	C-1	\$ 83,347.39
Reserve for Encumbrances	C-4	(299,648.00)
Capital Improvement Fund	C-12	1,418,610.92
Reserve for Building Improvements	C-12	16,266.83
Reserve For Debt Service	C-13	700,000.00
	C-14	239,471.45

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
3108-06	Improvements to Wall Field	(138,375.00)
3168-08	General Capital Improvements	68,757.70
3208-10	Union Avenue Sewer Reling, Borough Hall ADA Imp. & Roof Repairs Kip Center	2,015.00
3206-10	Kids Spot	31,381.77
3215-10	Various Capital Improvements	25,635.30
3235-11	General Capital Improvements	93,575.61
3245-11	BCIA WWI Monument Improvements	1,677.47
3259-12	Wall Field Improvements	(178,569.00)
3260-12	General Capital Improvements	219,812.48
3280-13	Acquistion of Fire Truck	719.47
3292-13	General Capital Improvements	52,136.08
3312-13	Mem. Field & Lincoln Woods Improvements	(91,959.20)
3337-14	General Capital Improvements	169,564.79
3368-15	General Capital Improvements	340,797.15
3369-15	General Capital Improvements	135,960.44
3394-16	General Capital Improvements	627,767.96
3395-16	General Capital Improvements	229,126.23
		<hr/>
	C	\$ <u><u>3,748,072.84</u></u>

**Borough of Rutherford , N.J.**  
**Schedule of Various Receivables**  
**General Capital Fund**  
**Year Ended December 31, 2016**

	<u>Balance,</u> <u>Dec. 31, 2015</u>	<u>Grants</u> <u>Approved</u>	<u>Cash</u> <u>Received</u>	<u>Balance,</u> <u>Dec. 31, 2016</u>
<u>Green Acres:</u>				
Ord. 3259-12 Wall Field Improvements	\$ 105,648.00			105,648.00
Ord. 3312-13 Memorial & Lincoln Field Improvements	<u>194,000.00</u>			<u>194,000.00</u>
	<u>\$ 299,648.00</u>			<u>299,648.00</u>
	C			C/C-3

**Borough of Rutherford , N.J.**  
**Schedule of Deferred Charges to Future**  
**Taxation - Funded**  
**General Capital Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 7,122,143.27
Increased by:		
Refunding Bonds Issued	C-7	2,260,000.00
		<u>9,382,143.27</u>
Decreased by:		
Budget Appropriations to Pay Bonds	C-7	1,484,000.00
Bonds Refunded	C-7	2,312,000.00
Budget Appropriations to Pay Green Trust Loan	C-8	15,140.52
		<u>3,811,140.52</u>
Balance - December 31, 2016	C	<u>\$ 5,571,002.75</u>



**Borough of Rutherford, N.J.**  
**Schedule of Deferred Charges to Future Taxation - Unfunded**  
**General Capital Fund**  
**Year Ended December 31, 2016**

Ordinance Number	Improvement Description	Balance, Dec. 31, 2015	2016 Authorizations	Authorizations Funded	Balance, Dec. 31, 2016	Analysis of Balance - Dec. 31, 2016		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
<b>General Improvements:</b>								
3108-06	Improvements To Wall Field	\$ 138,375.00			138,375.00		138,375.00	
3235-11	General Capital Improvements	1,300,000.00	250,000.00		1,050,000.00	1,050,000.00		
3259-12	Wall Field Improvements	178,569.00			178,569.00		178,569.00	
3260-12	General Capital Improvements	1,399,000.00	215,000.00		1,184,000.00	1,052,000.00		132,000.00
3280-13	Acquisition of Fire Truck	712,500.00	40,000.00		672,500.00	667,500.00		5,000.00
3292-13	General Capital Improvements	1,045,000.00	55,000.00		990,000.00	945,001.00		44,999.00
3304-13	Automation of Sanition System	1,425,000.00	55,000.00		1,370,000.00	1,370,000.00		
3312-13	Mem. Field & Lincoln Woods Improvements	256,000.00			256,000.00		91,959.20	164,040.80
3332-14	Installation of New Windows	256,500.00			256,500.00	256,500.00		
3337-14	General Capital Improvements	1,026,000.00			1,026,000.00	900,000.00		126,000.00
3369-15	General Capital Improvements	1,580,900.00			1,580,900.00	1,000,000.00		580,900.00
3395-16	General Capital Improvements		1,398,274.00		1,398,274.00	625,000.00		773,274.00
		<u>\$ 9,317,844.00</u>	<u>1,398,274.00</u>	<u>615,000.00</u>	<u>10,101,118.00</u>	<u>7,866,001.00</u>	<u>408,903.20</u>	<u>1,826,213.80</u>
		C	C-10		C			

Notes Paid by Budget Appropriation

Ref. C-9  
615,000.00

Improvement Authorizations - Unfunded  
 2,727,108.90

Less: Unexpended Proceeds of Bond Anticipation Notes

Ord. 3235-11	93,575.61
Ord. 3260-12	219,812.48
Ord. 3280-13	719.47
Ord. 3292-13	52,136.08
Ord. 3337-14	169,564.79
Ord. 3369-15	135,960.44
Ord. 3395-16	229,126.23
	<u>900,895.10</u>
	<u>1,826,213.80</u>

Borough of Rutherford, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2016	Interest Rate	Balance, Dec. 31, 2015	Year Ended December 31, 2016		Balance, Dec. 31, 2016
						Date	Amount	
General Improvement Bonds - 2002	10-15-02	1,600,000.00			\$ 144,000.00		144,000.00	
General Improvement Bonds - 2004	10-01-04	5,627,000.00			2,312,000.00		2,312,000.00	
General Improvement Bonds - 2009	7-31-09	8,300,000.00	02/15/17 02/15/18 02/15/19 02/15/20	5.000% 5.000% 4.500% 4.500%	4,320,000.00		725,000.00	3,595,000.00
Refunding Bonds - BCIA 2016	2-24-16	2,260,000.00	08/15/17 08/15/18 08/15/19	4.000% 4.000% 5.000%		2,260,000.00	615,000.00	1,645,000.00
					<u>\$ 6,776,000.00</u>	<u>2,260,000.00</u>	<u>3,796,000.00</u>	<u>5,240,000.00</u>
					C	C-5	C-5	C

Schedule of New Jersey Green Acres Loan Payable

General Capital Fund

Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Semi-Annual Maturities	Interest Rate	Balance Dec. 31, 2015	Year Ended December 31, 2016		Balance Dec. 31, 2016
						Date	Amount	
2009 Development of Waterfront Park	2013			2.00%	\$ 346,143.27		15,140.52	331,002.75
					<u>\$ 346,143.27</u>		<u>15,140.52</u>	<u>331,002.75</u>
					C	C-5	C-5	C

**Borough of Rutherford, N.J.**  
**Schedule of Bond Anticipation Notes Payable**  
**General Capital Fund**  
**Year Ended December 31, 2016**

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2015	Increased	Decreased	Balance, Dec. 31, 2016
3235-11	General Capital Improvements	1,350,000.00	12/14/11	12/05/16	12/04/17	1.15%	1,000,000.00	775,000.00	1,000,000.00	775,000.00
3235-11	General Capital Improvements	350,000.00	12/13/12	12/05/16	12/04/17	1.15%	300,000.00	275,000.00	300,000.00	275,000.00
3260-12	General Capital Improvements	1,525,000.00	12/13/12	12/05/16	12/04/17	1.15%	1,167,000.00	967,000.00	1,167,000.00	967,000.00
3260-12	General Capital Improvements	100,000.00	12/11/13	12/05/16	12/04/17	1.15%	100,000.00	85,000.00	100,000.00	85,000.00
3280-13	Acquisition of Fire Truck	702,000.00	12/11/13	12/05/16	12/04/17	1.15%	702,000.00	662,000.00	702,000.00	662,000.00
3292-13	General Capital Improvements	938,000.00	12/11/13	12/05/16	12/04/17	1.15%	938,000.00	883,000.00	938,000.00	883,000.00
3304-13	Automation of Sanitation System	400,000.00	12/11/13	12/05/16	12/04/17	1.15%	400,000.00	345,000.00	400,000.00	345,000.00
3292-13	General Capital Improvements	62,001.00	12/09/14	12/05/16	12/04/17	1.15%	62,001.00	62,001.00	62,001.00	62,001.00
3304-13	Automation of Sanitation System	425,000.00	12/09/14	12/05/16	12/04/17	1.15%	425,000.00	425,000.00	425,000.00	425,000.00
3332-14	Installation of Windows	250,000.00	12/09/14	12/05/16	12/04/17	1.15%	250,000.00	250,000.00	250,000.00	250,000.00
3337-14	General Capital Improvements	800,000.00	12/09/14	12/05/16	12/04/17	1.15%	800,000.00	800,000.00	800,000.00	800,000.00
3304-13	Automation of Sanitation System	498,500.00	12/07/15	12/05/16	12/04/17	1.15%	498,500.00	498,500.00	498,500.00	498,500.00
3332-14	Installation of Windows	6,500.00	12/07/15	12/05/16	12/04/17	1.15%	6,500.00	6,500.00	6,500.00	6,500.00
3337-14	General Capital Improvements	100,000.00	12/07/15	12/05/16	12/04/17	1.15%	100,000.00	100,000.00	100,000.00	100,000.00
3369-15	General Capital Improvements	900,000.00	12/07/15	12/05/16	12/04/17	1.15%	900,000.00	900,000.00	900,000.00	900,000.00
3280-13	Acquisition of Fire Truck	5,500.00	12/05/16	12/05/16	12/04/17	1.15%	5,500.00	5,500.00	5,500.00	5,500.00
3304-13	Automation of Sanitation System	101,500.00	12/05/16	12/05/16	12/04/17	1.15%	101,500.00	101,500.00	101,500.00	101,500.00
3369-15	General Capital Improvements	100,000.00	12/05/16	12/05/16	12/04/17	1.15%	100,000.00	100,000.00	100,000.00	100,000.00
3395-16	General Capital Improvements	625,000.00	12/05/16	12/05/16	12/04/17	1.15%	625,000.00	625,000.00	625,000.00	625,000.00
							\$ 7,649,001.00	7,866,001.00	7,649,001.00	7,866,001.00

Ref. C-2	7,034,001.00
C-6	615,000.00
C-2/C-14	832,000.00
	<u>7,866,001.00</u>

**Borough of Rutherford, N.J.**  
**Schedule of Improvement Authorizations**  
**General Capital Fund**  
**Year Ended December 31, 2016**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2015		2016 Authorizations	Paid or Charged	Cancelled	Balance, Dec. 31, 2016	
				Funded	Unfunded				Funded	Unfunded
<b>General Improvements:</b>										
3137-07	Various Capital Improvements & Acq.	10-24-07	900,000.00	\$ 10,488.40			(26,470.34)	36,958.74		
3168-08	General Capital Improvements	7-27-10	932,072.00	78,999.46		10,241.76			68,757.70	
3194-09	General Capital Improvements	10-25-08	493,660.00	36,653.09		(1,169.00)				
3208-10	Union Avenue Sewer Reling, Borough	12-15-09						37,822.09		
3206-10	Hall ADA Imp. & Roof Repairs Kip Center	9-24-10	62,500.00	2,015.00					2,015.00	
3215-10	Kids Spot	7-27-10	60,000.00	31,381.77					31,381.77	
3215-10	Various Capital Improvements	12-28-10	348,941.00	35,548.54					25,635.30	
3235-11	General Capital Improvements	9-27-11	1,790,000.00	11,177.47	107,284.98	9,913.24			1,677.47	93,575.61
3245-11	BCJA WWI Monument Improvements	12-27-11	40,000.00			13,709.37				351,812.48
3260-12	General Capital Improvements	6-26-12	1,850,000.00		463,962.58	9,500.00				5,719.47
3280-13	Acquisition of Fire Truck	2-12-13	750,000.00		5,813.20	112,150.10				97,135.08
3292-13	General Capital Improvements	5-23-13	1,100,000.00		181,275.41	84,140.33				164,040.80
3304-13	Automation of Sanition System	8-12-13	1,500,000.00		370,880.73	370,880.73				295,564.79
3312-13	Mem. Field & Lincoln Woods Improvements	9-24-13	450,000.00		147,337.05	(16,703.75)				716,860.44
3337-14	General Capital Improvements	8-26-14	1,080,000.00		332,139.49	36,574.70			340,797.15	
3368-15	General Capital Improvements	5-26-15	661,500.00	409,496.68		68,699.53				
3369-15	General Capital Improvements	5-26-15	1,664,100.00		1,033,388.50	316,528.06			627,767.96	
3394-16	General Capital Improvements	5-09-16	1,001,407.00			373,639.04				
3395-16	General Capital Improvements	5-09-16	1,471,867.00			469,466.77				1,002,400.23
				<u>\$ 615,760.41</u>	<u>2,642,081.94</u>	<u>2,473,274.00</u>	<u>1,831,194.27</u>	<u>74,780.83</u>	<u>1,098,032.35</u>	<u>2,727,108.90</u>
				<u>C</u>	<u>C</u>				<u>C</u>	<u>C</u>
<b>Transfer to Encumbrances Payable</b>										
<b>Disbursed</b>										
<b>Fund Balance</b>										
<b>Capital Improvement Fund</b>										
<b>Deferred Charges to Future Taxation - Unfunded</b>										
							748,203.86			
							1,082,990.41			
								74,780.83		
							1,075,000.00			
							1,398,274.00			
							2,473,274.00	1,831,194.27	74,780.83	

**Exhibit C-11**

**Borough of Rutherford , N.J.  
Schedule of Encumbrances Payable  
General Capital Fund  
Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 987,540.48
Increased by:		
Transferred from Improvement Authorizations	C-11	<u>748,203.86</u>
		1,735,744.34
Decreased by:		
Disbursed	C-2	<u>317,133.42</u>
Balance - December 31, 2016	C/C-3	\$ <u><u>1,418,610.92</u></u>

**Exhibit C-12**

**Schedule of Capital Improvement Fund  
General Capital Fund  
Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 16,266.83
Increased by:		
Budget Appropriation	C-2	<u>1,075,000.00</u>
		1,091,266.83
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-11	<u>1,075,000.00</u>
Balance - December 31, 2016	C/C-3	\$ <u><u>16,266.83</u></u>

**Exhibit C-13**

**Schedule of Improvements to Borough Hall & Police Headquarters  
General Capital Fund  
Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ <u>700,000.00</u>
Balance - December 31, 2016	C/C-3	\$ <u><u>700,000.00</u></u>

**Exhibit C-14**

**Schedule of Reserve for Debt Service  
General Capital Fund  
Year Ended December 31, 2016**

	<u>Ref.</u>	
Increased by:		
Received	C-2	\$ <u>239,471.45</u>
Balance - December 31, 2016	C/C-3	\$ <u><u>239,471.45</u></u>

**Borough of Rutherford, N.J.**  
**Schedule of Bonds and Notes Authorized But Not Issued**  
**General Capital Fund**  
**Year Ended December 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2015</u>	<u>2016 Authorizations</u>	<u>Notes Issued</u>	<u>Balance, Dec. 31, 2016</u>
<u>General Improvements:</u>					
3108-06	Improvements To Wall Field	\$ 138,375.00			138,375.00
3259-12	Wall Field Improvements	178,569.00			178,569.00
3260-12	General Capital Improvements	132,000.00			132,000.00
3280-13	Acquisition of Fire Truck	10,500.00		5,500.00	5,000.00
3292-13	General Capital Improvements	44,999.00			44,999.00
3304-13	Automation of Sanition System	101,500.00		101,500.00	
3312-13	Mem. Field & Lincoln Woods Improvements	256,000.00			256,000.00
3337-14	General Capital Improvements	126,000.00			126,000.00
3369-15	General Capital Improvements	680,900.00		100,000.00	580,900.00
3395-16	General Capital Improvements		1,398,274.00	625,000.00	773,274.00
		<u>\$ 1,668,843.00</u>	<u>1,398,274.00</u>	<u>832,000.00</u>	<u>2,235,117.00</u>
		Footnote C	C-10	C-9	Footnote C

**Borough of Rutherford, N.J.**  
**Schedule of Cash-Treasurer**  
**Public Assistance Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2015	E	\$ 72,532.13	9,528.41	63,003.72
Increased by Receipts:				
State Aid		112,400.00		112,400.00
Other Receipts		1,850.00	1,850.00	
Interfund Transfer		30,511.09	116.46	30,394.63
SSI Reimbursement		280.00		280.00
		<u>145,041.09</u>	<u>1,966.46</u>	<u>143,074.63</u>
		<u>217,573.22</u>	<u>11,494.87</u>	<u>206,078.35</u>
Decreased by Disbursements:				
Public Assistance -2016		128,708.96		128,708.96
Other - Ineligible		624.22	624.22	
Interfund Transfer		30,511.09	116.46	30,394.63
		<u>159,844.27</u>	<u>740.68</u>	<u>159,103.59</u>
Balance - December 31, 2016	E	<u>\$ 57,728.95</u>	<u>10,754.19</u>	<u>46,974.76</u>

**Borough of Rutherford, N.J.**  
**Schedule of Cash-Treasurer**  
**Public Assistance Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2016	E-1	\$ <u>57,728.95</u>
Increased by:		
Cash Receipts Record		<u>85,107.77</u>
		<u>142,836.72</u>
Decreased by:		
Cash Disbursements Record		<u>51,372.00</u>
Balance - May 31, 2017		\$ <u><u>91,464.72</u></u>

<u>Reconciliation - May 31, 2017</u>	<u>P.A.T.F. ACCOUNT #1</u>	<u>P.A.T.F. ACCOUNT #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: BCB Community Bank	12,211.85	83,587.87	95,799.72
Add: Due from Bank Charges			
Less: Outstanding Checks	<u>                    </u>	<u>(4,335.00)</u>	<u>(4,335.00)</u>
Balance - May 31, 2017	<u><u>12,211.85</u></u>	<u><u>79,252.87</u></u>	<u><u>91,464.72</u></u>



**Borough of Rutherford, N.J.**  
**Schedule of Cash and Reconciliation**  
**Public Assistance Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	E-1	\$ <u>72,532.13</u>
Increased by Receipts:		
Cash Receipts Record		<u>145,041.09</u>
		<u>217,573.22</u>
Decreased by Disbursements:		
Public Assistance -2016		128,708.96
Interfund Transfer		30,511.09
SSI		0.00
		<u>159,844.27</u>
Balance - December 31, 2016		\$ <u><u>57,728.95</u></u>

<u>Reconciliation - December 31, 2016</u>	<u>P.A.T.F. ACCOUNT #1</u>	<u>P.A.T.F. I ACCOUNT #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: BCB Community Bank	<u>10,765.35</u>	<u>50,541.39</u>	<u>61,306.74</u>
	10,765.35	50,541.39	61,306.74
Add: Deposits in Transit			0.00
Less: Outstanding Checks	<u>(11.16)</u>	<u>(3,566.63)</u>	<u>(3,577.79)</u>
Balance, December 31, 2016	<u><u>10,754.19</u></u>	<u><u>46,974.76</u></u>	<u><u>57,728.95</u></u>

**Borough of Rutherford, N.J.**  
**Schedule of Revenues - Cash Basis**  
**Public Assistance Fund**  
**Year Ended December 31, 2016**

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 112,400.00		112,400.00
Less: Refunds to the State			
Net State Aid Payments	<u>112,400.00</u>		<u>112,400.00</u>
Client Reimbursement:			
State / Municipal Refund			
Donations/Miscellaneous	1,850.00	1,850.00	
Supplemental Security Income:			
State / Municipal Refund	280.00		280.00
Client Refund			
Total Revenues (P.A.T.F.)	<u>114,530.00</u>	<u>1,850.00</u>	<u>112,680.00</u>
Interfund Transfer	<u>30,511.09</u>	<u>116.46</u>	<u>30,394.63</u>
Total Receipts	<u>\$ 145,041.09</u>	<u>1,966.46</u>	<u>143,074.63</u>

**Schedule of Expenditures - Cash Basis**  
**Public Assistance Fund**  
**Year Ended December 31, 2016**

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	\$ 45,822.00		45,822.00
Other:			
Temporary Rental Assistance	73,433.00		73,433.00
Work Related Expenses	50.00		50.00
Rent	1,260.00		1,260.00
Shelter	4,195.00		4,195.00
Furnishing's	399.00		399.00
Security	500.00		500.00
Storage	2,310.96		2,310.96
Utilities	739.00		739.00
Total Payments Reported	<u>128,708.96</u>		<u>128,708.96</u>
Add: Other			
	<u>128,708.96</u>		<u>128,708.96</u>
Public Assistance/Donations	624.22	624.22	
Client Reimbursement:			
Reimbursement to Clients			
Interfund Transfer	30,511.09	116.46	30,394.63
	<u>31,135.31</u>	<u>740.68</u>	<u>30,394.63</u>
Total Disbursements (P.A.T.F.)	<u>\$ 159,844.27</u>	<u>740.68</u>	<u>159,103.59</u>

**Borough of Rutherford, N.J.**  
**Schedule of Due to State of New Jersey**  
**Public Assistance Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	E	\$ 63,003.72
Increased by Receipts:		
Revenues - Public Assistance II		112,680.00
		<u>112,680.00</u>
		175,683.72
Decreased by Disbursements:		
Expenditures - Public Assistance II		<u>128,708.96</u>
Balance - December 31, 2016	E	\$ <u>46,974.76</u>

**Schedule of Reserve for Public Assistance**  
**Public Assistance Fund**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	E	\$ 9,528.41
Increased by Receipts:		
Miscellaneous Donation		1,850.00
		<u>1,850.00</u>
		11,378.41
Decreased by Disbursements:		
Other Assistance		624.22
		<u>624.22</u>
Balance - December 31, 2016	E	\$ <u>10,754.19</u>

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**BOROUGH OF RUTHERFORD**

**PART II**

**LETTERS ON INTERNAL CONTROL AND ON**

**COMPLIANCE AND OTHER MATTERS**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

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# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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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 Rutherford  
Rutherford, New Jersey 07070

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as 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 financial statements-regulatory basis of the Borough of Rutherford in the County of Bergen as of and for the year ended December 31, 2016 and the related notes to the financial statements, and have issued our report thereon dated June 20, 2017, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.



Honorable Mayor and  
Members of the Borough Council  
Page 2.

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.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Rutherford in the accompany comments and recommendations section of this report.

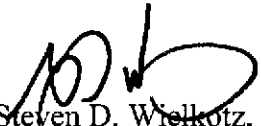
### **Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the Borough of Rutherford's financial statements-regulatory basis are free of 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, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Rutherford in the accompanying comments and recommendations section of this 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 Rutherford'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 Rutherford's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Steven D. Wielkottz, C.P.A.  
Registered Municipal Accountant  
No. 413

  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

June 20, 2017





## **GENERAL COMMENTS**

### **Contracts and Agreements**

N.J.S.A. 40A:11-4 states “Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law.”

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010, the bid threshold was increased to \$36,000.00 with a qualified purchasing agent and on July 1, 2015, this amount was increased to \$40,000.00.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term ‘competitive contracting’, which is defined as “the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors’ formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received.”

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.” The Borough adopted a resolution increasing their bid threshold to \$36,000.00 and \$40,000.00 based on having a “qualified purchasing agent”.

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. “Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months.”

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract 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 indicate that bids were requested by public advertising for the following items:

- Recycling Carts
- Side Load Refuse Truck
- 2016 Road Improvements
- Rack Body Truck
- Bucket Truck

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

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

#### Collection of Interest 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, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes and year end penalty:

#### Interest on Delinquencies

WHEREAS, the Senate and General Assembly of the State of New Jersey have amended R.S. 54:4-67 to permit municipalities to increase the interest charged on delinquent taxes; and

WHEREAS, pursuant to R.S. 54:4-66 taxes are due and payable on the first days of February, May, August and November of each year and become delinquent if not paid on or before said dates;

NOW, THEREFORE, BE IT RESOLVED that a grace period of (10) days is hereby established within which any installment of taxes or assessments may be received after the due date thereof without an additional charge for interest; and

BE IT FURTHER RESOLVED, that interest on delinquent installments of taxes or assessments shall be charged at the rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00.

#### Year End Penalty

WHEREAS, NJSA 54:4-67 has been amended to permit an additional penalty of 6% to be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Rutherford as follows:

1. The Tax Collector is hereby authorized and directed to charge an additional penalty of 6% on a tax delinquency in excess of \$10,000.00 if it remains in arrears beyond December 31<sup>st</sup>.

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 20, 2016 and was complete.

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>
2016	7
2015	7
2014	24

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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices.

The result of the test, which was made for the year ending December 31, 2016, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

COMMENTS

NONE

RECOMMENDATIONS

NONE

**STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS**

A review was performed on all prior year recommendations and corrective action was taken on all items except those marked with an (“\*”).

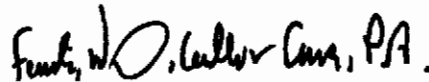
The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,



Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. 413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey