

REPORT OF AUDIT
BOROUGH OF RUTHERFORD
COUNTY OF BERGEN
DECEMBER 31, 2017

BOROUGH OF RUTHERFORD

TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Statutory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis	7
A-2	Statement of Revenues - Statutory Basis	8
A-3	Statement of Expenditures - Statutory Basis	10
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Statutory Basis	16
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Statutory Basis	18
C-1	Statement of Changes in Fund Balance - Statutory Basis	19
	<u>PUBLIC ASSISTANCE FUND</u>	
E	Comparative Balance Sheet - Statutory Basis	20
	<u>GENERAL FIXED ASSETS</u>	
F	Comparative Statement of General Fixed Assets - Statutory Basis	21
	Notes to Financial Statements Year Ended December 31, 2017	22
	Supplementary Data	60
	<u>CURRENT FUND</u>	
A-4	Schedule of Cash - Collector - Treasurer - Current Fund	65
A-5	Schedule of Cash - Grant Fund	66
A-6	Schedule of Petty Cash	67
A-7	Schedule of Cash - Change Fund	67
A-8	Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions - CH.73 P.L. 1976	68
A-9	Advance/ Security Deposit	68
A-10	Schedule of Taxes Receivable and Analysis of Property Tax Levy	69
A-11	Schedule of Tax Title Liens	70
A-12	Schedule of Property Acquired for Taxes Assessed Valuation	70
A-13	Schedule of Revenue Accounts Receivable	71
A-14	Schedule of Interfunds	72
A-15	Schedule of Deferred Charges N.J.S.A. 40A:4-53- Special Emergency	73
A-16	Schedule of Grants Receivable - Federal and State Grant Fund	74
A-17	Schedule of Appropriation Reserves	76

<u>Exhibit</u>		<u>Page</u>
	<u>CURRENT FUND, (continued)</u>	
A-18	Schedule of Encumbrances Payable	78
A-19	Schedule of Prepaid Taxes	78
A-20	Schedule of Local District School Tax	79
A-21	Schedule of County Taxes Payable	79
A-22	Schedule of Various Cash Liabilities and Reserves	80
A-23	Schedule of Appropriated Reserves for Grants	81
A-24	Schedule of Unappropriated Reserves for Grants	83
A-25	Schedule of Interfund- General Trust Fund	83
	<u>TRUST FUND</u>	
B-1	Schedule of Cash	84
B-2	Schedule of Interfunds - Trust Funds	85
B-3	Schedule of Due From Rutherford Downtown Partnership- Trust Fund	86
B-4	Schedule of Emergency Services Volunteer Length of Service Award Program - Contributions Receivable	87
B-5	Reserve for Dog License Fund Expenditures	88
B-6	Schedule of Due to State Department of Health	88
B-7	Schedule of Other Trust Funds	89
B-8	Schedule of Builders/Special Escrow Deposits	89
B-9	Schedule of Reserve for Unemployment Insurance	90
B-10	Schedule of Due to State of New Jersey	90
B-11	Schedule of Payroll Deductions Payable	91
B-12	Schedule of Net Payroll	91
B-13	Schedule of Due to Rutherford Downtown Partnership	92
B-14	Schedule of Reserve for Downtown Projects	92
B-15	Schedule of Reserve for Council on Affordable Housing	92
B-16	Schedule of Emergency Services Volunteer Length of Service Award Program - Net Assets Available for Benefits	93
	<u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash	94
C-3	Analysis of Cash	95
C-4	Schedule of Various Receivables	96
C-5	Schedule of Deferred Charges to Future Taxation - Funded	97
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	98
C-7	Schedule of General Serial Bonds Payable	99
C-8	Schedule of New Jersey Serial Bonds Payable	99
C-9	Schedule of Bond Anticipation Notes Payable	100

<u>Exhibit</u>		<u>Page</u>
	<u>GENERAL CAPITAL FUND, (continued)</u>	
C-10	Schedule of Improvement Authorizations	101
C-11	Schedule of Encumbrances Payable	102
C-12	Schedule of Capital Improvement Fund	102
C-13	Schedule of Improvements to Borough Hall and Police Headquarters	102
C-14	Schedule of Reserve for Debt Services	102
C-15	Schedule of Bonds and Notes Authorized But Not Issued	103

	<u>PUBLIC ASSISTANCE TRUST FUND</u>	
E-1	Schedule of Cash - Treasurer	104
E-2	Schedule of Cash - Treasurer	105
E-3	Schedule of Cash and Reconciliation	106
E-4	Schedule of Revenues - Cash Basis	107
E-5	Schedule of Expenditures - Cash Basis	107
E-6	Schedule of Due to State of New Jersey	108
E-7	Schedule of Reserve for Public Assistance	108

PART II

Independent Auditor's Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	109
General Comments	111
Comments	113
Recommendations	113
Status of Prior Year Audit Findings	114

BOROUGH OF RUTHERFORD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017

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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, 2017 and 2016, 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, 2017, 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 opinions 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
Page 2.

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, 2017 and 2016, or changes in financial position for the years then ended.

The Honorable Mayor and
Members of the Borough Council
Page 3.

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 \$2,447,931.80 and \$2,112,066.08 for 2017 and 2016, 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, 2017 and 2016, 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, 2017 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
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018 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

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Registered Municipal Accountant
No. 413

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Certified Public Accountants
Pompton Lakes, New Jersey

June 18, 2018

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

Page 1 of 2

Current Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 13,716,616.87	9,104,889.40
Change Fund	A-7	770.00	770.00
Due from State of NJ Senior Cit. and Vet. Ded.	A-8	843.42	1,259.86
Advance/Security Deposit	A-9	515.31	446.42
		<u>13,718,745.60</u>	<u>9,107,365.68</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-10	439,484.76	836,069.76
Tax Title Liens Receivable	A-11	57,018.42	55,356.70
Property Acquired for Taxes - Assessed Valuation	A-12	7,025.00	7,025.00
Revenue Accounts Receivable	A-13	25,470.46	31,713.24
Interfund Receivables:			
Other Trust Fund	A-14	291,883.94	291,302.17
Federal and State Grant Fund	A-14	280,975.10	
		<u>1,101,857.68</u>	<u>1,221,466.87</u>
Deferred Charges:			
Special Emergency Authorizations NJSA 40A:4-53	A-15	16,999.00	33,999.00
		<u>16,999.00</u>	<u>33,999.00</u>
		<u>14,837,602.28</u>	<u>10,362,831.55</u>
Federal and State Grant Fund:			
Cash	A-5		75,630.67
Grants Receivable	A-16	1,308,658.77	845,284.75
		<u>1,308,658.77</u>	<u>920,915.42</u>
Total Assets		<u>\$ 16,146,261.05</u>	<u>11,283,746.97</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford , N.J.

Comparative Balance Sheet - Regulatory Basis

Page 2 of 2

Current Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-17	\$ 1,684,553.01	1,590,568.39
Encumbrances Payable	A-18	392,812.37	384,164.21
Prepaid Taxes	A-19	3,950,087.02	358,488.04
County Taxes Payable	A-21	8,328.75	9,920.96
Tax Overpayments	A-22	1,444.29	1,682.02
Prepaid Licenses / Fees and Permits / Revenue	A-22	111,022.93	109,655.70
Accounts Payable	A-22	96,814.73	93,419.57
Due to County - PILOT	A-22	25,000.00	18,750.00
Special Emergency Note Payable	A-22	16,999.00	33,999.00
Due to State of New Jersey:			
Division of Youth and Family Services	A-22	700.00	625.00
Construction Code - Training Fees	A-22	5,458.00	4,335.00
Reserve for:			
Tax Appeals	A-22	434,777.89	740,124.29
Blood Screenings	A-22	2,821.00	2,588.00
Length of Service Award Program	A-22	38,056.17	30,590.56
		<u>6,768,875.16</u>	<u>3,378,910.74</u>
Reserve for Receivables	Contra	1,101,857.68	1,221,466.87
Fund Balance	A-1	6,966,869.44	5,762,453.94
		<u>14,837,602.28</u>	<u>10,362,831.55</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	1,014,312.36	913,044.36
Unappropriated Reserve for Grants	A-24	13,371.31	7,871.06
Interfund - Current Fund	A-25	280,975.10	
		<u>1,308,658.77</u>	<u>920,915.42</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 16,146,261.05</u>	<u>11,283,746.97</u>

See Accompanying Notes to Financial Statements.

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

Current Fund

Year Ended December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 1,625,000.00	1,140,000.00
Miscellaneous Revenue Anticipated	A-2	5,422,408.65	4,894,232.18
Receipts from Delinquent Taxes	A-2	836,069.76	567,084.30
Receipts from Current Taxes	A-2	71,782,676.93	69,874,069.49
Non-Budget Revenue	A-2	258,898.11	210,427.55
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-17	1,356,224.36	1,571,081.32
Cancelled Accounts Payable			151.59
Appropriated Grants Cancelled			59,294.05
Interfunds Returned	A-14	291,302.17	298,145.29
		<u>81,572,579.98</u>	<u>78,614,485.77</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	10,557,167.84	10,590,652.72
Other Expenses	A-3	12,696,553.73	12,551,864.90
Capital Improvements	A-3	1,615,627.00	1,075,000.00
Municipal Debt Service	A-3	2,485,733.20	2,406,006.50
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,504,724.62	2,362,002.00
Local District School Tax	A-20	41,102,731.00	40,102,077.00
County Taxes including Added Taxes	A-21	7,207,740.05	6,794,521.00
Refund of Prior Year Taxes/Revenues	A-4	28.00	258,324.61
Due County for Prior Year Pilot			1,192.41
Grants Receivable Cancelled	A-16		42,671.33
Interfunds Advanced	A-14	572,859.04	291,302.17
		<u>78,743,164.48</u>	<u>76,475,614.64</u>
Total Expenditures			
Excess (Deficit) Revenue Over Expenditures		2,829,415.50	2,138,871.13
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		2,829,415.50	2,138,871.13
Fund Balance, January 1,	A	5,762,453.94	4,763,582.81
		8,591,869.44	6,902,453.94
Decreased by:			
Fund Balance Utilized as Budget Revenue		1,625,000.00	1,140,000.00
Fund Balance, December 31,	A	\$ <u>6,966,869.44</u>	<u>5,762,453.94</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford , N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,625,000.00	1,625,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-13	19,000.00	18,822.00	(178.00)
Other	A-2	6,000.00	6,650.00	650.00
Fees and Permits				
Other	A-2	62,000.00	74,753.00	12,753.00
Fines and Costs:				
Municipal Court	A-13	425,000.00	401,995.89	(23,004.11)
Interest and Costs on Taxes	A-4	137,000.00	199,399.10	62,399.10
Parking Meters	A-13	250,000.00	271,545.72	21,545.72
Interest on Investments	A-13	150,000.00	164,928.91	14,928.91
Parking Lot Permits	A-13	125,000.00	148,375.00	23,375.00
Uniform Fire Safety Fees - Local Fees	A-13	82,000.00	78,359.00	(3,641.00)
Consolidated Municipal Property Tax Relief Aid	A-13	56,261.00	56,261.00	
Energy Receipts Tax	A-13	1,328,328.00	1,328,328.00	
Uniform Construction Code Fees	A-13	375,000.00	553,873.40	178,873.40
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
N.J. Transportation Trust Fund Authority Act	A-16	165,627.00	165,627.00	
Recycling Tonnage Grant	A-16	21,667.84	21,667.84	
Clean Communities Program	A-16	31,483.31	31,483.31	
Alcohol Education and Rehabilitation Fund	A-16	2,187.56	2,187.56	
Municipal Alliance on Alcoholism and Drug Abuse	A-16	11,677.00	11,677.00	
NJDOT - Safe Routes to School Program	A-16	368,000.00	368,000.00	
Bergen County History Grant for Special Projects	A-16	1,300.00	1,300.00	
2016 - Donations Police Equipment	A-16	5,938.23	5,938.23	
2017 - Donations Police Equipment	A-16	900.00	900.00	
N.J. Div. Of Criminal Justice - Body Armor				
Replacement Fund	A-16	3,713.80	3,713.80	
Bulletproof Vest Partnership Grant	A-16	2,473.78	2,473.78	
Bergen County Local Arts Program Grant	A-16	3,420.00	3,420.00	
Bergen County Community Development Block Grant	A-16	115,500.00	115,500.00	
Other Special Items:				
Uniform Fire Safety Act	A-13	18,675.33	23,027.89	4,352.56
Lease of Borough Property	A-13	162,000.00	165,789.34	3,789.34
Cable TV Franchise Fee	A-13	259,575.57	259,575.57	
Nursing Services Non-Public School Pupils	A-13	32,850.00	31,645.00	(1,205.00)
PILOT - Rutherford Senior Housing Committee	A-13	24,000.00	23,767.04	(232.96)
PILOT - Encap	A-13	118,750.00	118,750.00	
Hotel Occupancy Fee P.L. 2003, c. 114	A-13	273,000.00	282,640.87	9,640.87
Nereid Boat Club - Green Trust Loan Repayment	A-13	21,988.06	21,988.06	
Fees and Permits - Recycling Revenues	A-13	4,000.00	8,246.97	4,246.97
Due from Free Public Library	A-13	230,000.00	230,000.00	
NJMC Tax Sharing	A-13	128,137.00	219,798.37	91,661.37
Total Miscellaneous Revenues	A-1	5,022,453.48	5,422,408.65	399,955.17
Receipts from Delinquent Taxes	A-1/A-2	600,000.00	836,069.76	236,069.76
Subtotal General Revenues		7,247,453.48	7,883,478.41	636,024.93
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes		22,967,601.69	23,786,470.02	818,868.33
Minimum Library Tax		960,735.86	960,735.86	
Total Amt. to be Raised by Taxes for Support of Budget	A-2	23,928,337.55	24,747,205.88	818,868.33
Budget Totals		31,175,791.03	32,630,684.29	1,454,893.26
Non-Budget Revenue	A-1/A-2		258,898.11	258,898.11
		\$ 31,175,791.03	32,889,582.40	1,713,791.37
Adopted Budget	A-3	30,486,805.58		
Appropriated by N.J.S. 40A:4-87	A-3	688,985.45		
		31,175,791.03		

Borough of Rutherford , N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2017

Analysis of Realized Revenues

Revenue from Collections	<u>Ref.</u> A-1/A-10	\$ 71,782,676.93
Allocated to School and County Taxes	A-10	<u>48,310,471.05</u>
Balance for Support of Municipal Budget Appropriations		23,472,205.88
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>1,275,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>24,747,205.88</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-10	\$ <u>836,069.76</u>
	A-2	\$ <u>836,069.76</u>
Licenses - Other:		
Clerk	A-13	\$ 5,950.00
Building	A-13	<u>700.00</u>
	A-2	\$ <u>6,650.00</u>
Fees and Permits - Other:	<u>Ref.</u>	
Clerk	A-13	\$ 18,541.00
Planning Board / Board of Adjustment	A-13	8,850.00
Elevator Inspection Fees	A-13	30.00
Clothing Bin Fee	A-13	2,500.00
Farmer Market Fees	A-13	2,850.00
Vending Machines	A-13	500.00
Board of Health/Registrar of Vital Statistics	A-13	<u>41,482.00</u>
	A-2	\$ <u>74,753.00</u>

Analysis of Non-budget Revenues

Miscellaneous Revenues Not Anticipated:	<u>Ref.</u>	
Police Department Records	\$	8,002.80
Police Vehicle Use Fee		17,000.00
Tax Office - Tax Sale Costs		2,297.81
Tax Office - Duplicate Bills/NSF Check Charges		1,416.00
Building Department - Violations & Admin. Fees		32,085.00
JIF Award		750.00
Prior Year Budget Refunds		15,173.23
Administrative Fee - Senior Citizen & Veteran Ded.		2,322.51
Homestead Rebate Mailing Reimbursement		623.40
DMV Fines		1,340.00
Interest on Property Abatement Payments		122.96
Proceeds from Public Auction		12,599.94
Extra Garbage Carts		1,500.00
Borough Clerk:		
Copies of Maps, Codes , etc.		208.61
UPS Drop Box		600.00
Memorial Field Rent		5,100.00
Train Station Rent		7,800.00
Polling Place Rent		480.00
Nereid Boat Club Annual Lease Payment		50.00
Unanticipated FEMA Aid		143,202.53
BCUA - Sewer Connection Fee Rebate		598.50
Other Miscellaneous		<u>5,624.82</u>
	A-2/A-4	\$ <u>258,898.11</u>

See Accompanying Notes to Financial Statements.

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

Current Fund

Year Ended December 31, 2017

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations - within "CAPS"	\$					
General Government:						
General Administration		82,000.00	82,000.00	80,636.96	1,363.04	
Salaries and Wages		92,700.00	92,700.00	74,609.46	18,090.54	
Other Expenses						
Mayor and Council		22,000.00	22,000.00	21,999.38	0.62	
Salaries and Wages		6,000.00	6,000.00	2,708.00	3,292.00	
Other Expenses						
Municipal Clerk		195,000.00	195,000.00	193,778.06	1,221.94	
Salaries and Wages		87,250.00	87,250.00	77,011.46	10,238.54	
Other Expenses						
Financial Administration		307,000.00	307,000.00	287,942.78	19,057.22	
Salaries and Wages		29,950.00	29,950.00	14,296.10	15,653.90	
Other Expenses						
Audit and Accounting Services		27,000.00	27,000.00		27,000.00	
Other Expenses						
Computerized Data Processing		40,000.00	40,000.00	27,032.10	12,967.90	
Other Expenses						
Collection of Taxes		165,000.00	165,000.00	164,296.16	703.84	
Salaries and Wages		9,950.00	9,950.00	8,140.08	1,809.92	
Other Expenses						
Assessment of Taxes		40,000.00	40,000.00	36,930.62	3,069.38	
Salaries and Wages		31,150.00	31,150.00	24,872.87	6,277.13	
Other Expenses						
Legal Services & Costs		240,000.00	249,500.00	216,667.42	32,832.58	
Other Expenses						
Engineering Services and Costs		105,000.00	114,000.00	72,400.00	41,600.00	
Other Expenses		5,000.00	5,000.00		5,000.00	
Other Expenses-Complete Streets						
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board		2,400.00	2,400.00	2,400.00		
Salaries and Wages		5,800.00	5,800.00	1,170.00	4,630.00	
Other Expenses						
Zoning Board of Adjustment		2,400.00	2,400.00	2,400.00		
Salaries and Wages		10,600.00	10,600.00	9,416.90	1,183.10	
Other Expenses						
Property Management Enforcement		36,000.00	36,000.00	34,854.38	1,145.62	
Salaries and Wages		500.00	500.00		500.00	
Other Expenses						

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

		Current Fund		Unexpended Balance Cancelled		
		Budget	Budget After Modification			
		Year Ended December 31, 2017				
General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Safety:						
Police						
Salaries and Wages		5,190,000.00	5,187,000.00	4,934,183.91	252,816.09	
Other Expenses		317,729.00	347,729.00	317,137.53	30,591.47	
Police Dispatch / 911						
Other Expenses		18,841.64	18,841.64	18,841.64		
Emergency Management Services						
Salaries and Wages		5,000.00	5,000.00	2,899.90	2,100.10	
Other Expenses		9,000.00	9,000.00		9,000.00	
First Aid Ambulance Corps						
Other Expenses		9,000.00	9,000.00	9,000.00		
Fire Department						
Other Expenses		404,000.00	404,000.00	384,902.20	19,097.80	
Fire Official						
Salaries and Wages		134,324.67	139,824.67	136,953.21	2,871.46	
Other Expenses		13,550.00	13,550.00	8,283.47	5,266.53	
Fire Official - Uniform Fire Safety Act						
Salaries and Wages		82,000.00	82,000.00	82,000.00		
Fire Official - Life Hazard Use Fees						
Salaries and Wages		18,675.33	18,675.33	18,675.33		
Municipal Prosecutor's Office						
Salaries and Wages		7,700.00	7,700.00	7,700.00		
Municipal Court:						
Salaries and Wages		153,500.00	157,000.00	155,891.73	1,108.27	
Other Expenses		12,150.00	12,150.00	7,058.85	5,091.15	
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		1,230,500.00	1,230,500.00	1,163,005.33	67,494.67	
Other Expenses		228,350.00	228,350.00	186,715.92	41,634.08	
Shade Tree Division						
Salaries and Wages		344,000.00	349,000.00	347,166.10	1,833.90	
Other Expenses		60,600.00	67,100.00	66,801.82	298.18	
Sewer System						
Salaries and Wages		7,500.00	7,500.00	4,663.33	2,836.67	
Other Expenses		64,000.00	64,000.00	13,185.45	50,814.55	
Solid Waste Collection (Garbage and Trash)						
Salaries and Wages		329,000.00	374,000.00	359,009.27	14,990.73	
Other Expenses		64,100.00	64,100.00	53,292.71	10,807.29	

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

Current Fund

Year Ended December 31, 2017

	<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>					
<u>Ref.</u>					
Recycling Division					
Salaries and Wages	213,000.00	174,000.00	127,761.49	46,238.51	
Public Buildings and Grounds					
Salaries and Wages	484,000.00	484,000.00	474,838.13	9,161.87	
Other Expenses	221,500.00	221,500.00	183,665.87	37,834.13	
Landfill Disposal Costs:					
Dumping Fees	645,000.00	645,000.00	547,024.91	97,975.09	
Health and Welfare:					
Board of Health					
Salaries and Wages	319,000.00	319,000.00	315,075.98	3,924.02	
Other Expenses	49,030.00	49,030.00	41,325.96	7,704.04	
Animal Control Services					
Other Expenses	23,562.00	23,562.00	17,190.06	6,371.94	
Administration of Public Assistance					
Salaries and Wages	107,000.00	107,000.00	106,063.88	936.12	
Other Expenses	3,300.00	3,300.00	2,685.40	614.60	
Rutherford Senior Citizen - Kip Center					
Other Expenses	60,000.00	60,000.00	45,000.00	15,000.00	
Parks and Recreation:					
Recreation Department					
Salaries and Wages	516,000.00	516,000.00	497,342.67	18,657.33	
Other Expenses	82,100.00	82,100.00	67,366.16	14,733.84	
Education Functions:					
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	899.00	4,101.00	
Insurance					
General Liability	483,000.00	483,000.00	482,347.68	652.32	
Worker's Compensation	633,000.00	633,000.00	632,860.60	139.40	
Employee Group Insurance	3,925,000.00	3,767,000.00	3,541,189.72	225,810.28	
Other Insurance Premiums	25,000.00	25,000.00	14,850.60	10,149.40	
Health Benefit Waiver Costs	120,000.00	125,000.00	121,697.34	3,302.66	
State Uniform Construction Code:					
Construction Code Officials					
Salaries and Wages	213,000.00	213,000.00	180,394.65	32,605.35	
Other Expenses	8,500.00	11,000.00	8,641.80	2,358.20	

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

Current Fund

Year Ended December 31, 2017

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Unclassified:						
Legal Settlements		25,000.00	25,000.00	7,500.00	17,500.00	
Salary Attrition (Terminal Leave)		120,000.00	150,000.00	149,953.70	46.30	
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		365,000.00	365,000.00	288,179.17	76,820.83	
Street Lighting		260,000.00	260,000.00	184,953.15	75,046.85	
Telephone		90,000.00	95,000.00	83,563.96	11,436.04	
Water		65,000.00	82,500.00	69,747.48	12,752.52	
Fuel Oil		25,000.00	25,000.00	22,500.00	2,500.00	
Gasoline		190,000.00	260,000.00	172,073.51	87,926.49	
Total Operations within "CAPS"		19,589,712.64	19,633,712.64	18,025,123.20	1,608,589.44	
Contingent		4,500.00	4,500.00	1,829.17	2,670.83	
Total Operations Including Contingent within "CAPS"		19,594,212.64	19,638,212.64	18,026,952.37	1,611,260.27	
Detail:						
Salaries and Wages	A-1	10,378,500.00	10,425,500.00	9,891,316.85	534,183.15	
Other Expenses	A-1	9,215,712.64	9,212,712.64	8,135,635.52	1,077,077.12	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Deferred Charges:						
Emergency Authorizations						
Prior Year Bills:						
PSE&G 2012 and 2014		28,729.78	28,729.78			
Copier 2014 and 2015		1,707.30	1,707.30	1,707.30		
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System		752,055.32	752,055.32	717,813.16	34,242.16	
Social Security System (O.A.S.I.)		582,080.00	538,080.00	519,573.66	18,506.34	
Police and Firemen's Retirement System		1,159,782.00	1,159,782.00	1,159,782.00		
Fire Widows' Pension N.J.S. 43:12-28		24,000.00	24,000.00	24,000.00		
Unemployment Insurance		100.00	100.00		100.00	
Defined Contribution Retirement Plan		12,000.00	12,000.00	8,409.58	3,590.42	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	2,560,454.40	2,516,454.40	2,431,285.70	56,438.92	
						28,729.78

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

Current Fund

Year Ended December 31, 2017

Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>					
Total General Appropriations for Municipal Purposes within "CAPS"					
	22,154,667.04	22,154,667.04	20,458,238.07	1,667,699.19	28,729.78
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)					
Service Charges Contractual	998,784.00	998,784.00	988,513.17	10,270.83	
Bergen County Utilities Authority	1,137,000.00	1,137,000.00	1,136,550.83	449.17	
Passaic Valley Trunk Sewer	538,000.00	538,000.00	537,174.22	825.78	
Emergency Services Length of Service Award Program	112,659.00	112,659.00	112,659.00		
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		
South Bergen Joint Construction Code Office	110,000.00	110,000.00	104,691.96	5,308.04	
Bergen County Department of Health Services	43,834.41	43,834.41	43,834.41		
Total Other Operations Excluded from "CAPS"	3,044,327.41	3,044,327.41	3,027,473.59	16,853.82	
Public and Private Programs Offset by Revenues					
Clean Communities Program	31,483.31	31,483.31	31,483.31		
CDBG - Sidewalk Rehabilitation Program	115,500.00	115,500.00	115,500.00		
Recycling Tonnage Grant	21,667.84	21,667.84	21,667.84		
Bergen County Local Arts Program Grant	3,420.00	3,420.00	3,420.00		
N.J. Div. Of Criminal Justice - Body Armor Replacement	3,713.80	3,713.80	3,713.80		
Bulletproof Vest Partnership Grant	2,473.78	2,473.78	2,473.78		
Municipal Alliance on Alcoholism and Drug Abuse					
State Share	11,677.00	11,677.00	11,677.00		
Local Share	2,920.00	2,920.00	2,920.00		
Alcohol Education and Rehabilitation Fund	2,187.56	2,187.56	2,187.56		
NJDOT - Safe Routes to Schools Grant	368,000.00	368,000.00	368,000.00		
Bergen County Historic Preservation Grant	1,300.00	1,300.00	1,300.00		
2016 - Donations - Police Equipment	5,938.23	5,938.23	5,938.23		
2017 - Donations - Police Equipment	900.00	900.00	900.00		
Total Public and Private Programs offset by Revenues	571,181.52	571,181.52	571,181.52		
Total Operations - Excluded from "CAPS"	3,615,508.93	3,615,508.93	3,598,655.11	16,853.82	
Detail:					
Salaries & Wages	131,667.84	131,667.84	126,359.80	5,308.04	
Other Expenses	3,483,841.09	3,483,841.09	3,472,295.31	11,545.78	
Capital Improvements:					
Capital Improvement Fund	1,450,000.00	1,450,000.00	1,450,000.00		
New Jersey Transportation Trust Fund	165,627.00	165,627.00	165,627.00		
Total Capital Improvements Excluded from "CAPS"	1,615,627.00	1,615,627.00	1,615,627.00		

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

		Current Fund				
		Year Ended December 31, 2017				
	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Municipal Debt Service:						
Payment of Bond Principal		1,350,000.00	1,350,000.00	1,350,000.00		
Payment of Bond Anticipation Notes		800,000.00	800,000.00	800,000.00		
Interest on Bonds		235,000.00	235,000.00	223,147.50		11,852.50
Interest on Notes		91,000.00	91,000.00	90,597.64		402.36
Green Trust Loan Program						
Principal and Interest		21,988.06	21,988.06	21,988.06		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	2,497,988.06	2,497,988.06	2,485,733.20		12,254.86
Deferred Charges:						
Special Emergency Authorizations - 5 Years						
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"		17,000.00	17,000.00	17,000.00		
Subtotal General Appropriations		7,746,123.99	7,746,123.99	7,717,015.31	16,853.82	12,254.86
Reserve for Uncollected Taxes		29,900,791.03	29,900,791.03	28,175,253.38	1,684,553.01	40,984.64
Total General Appropriations		1,275,000.00	1,275,000.00	1,275,000.00		
Adopted Budget		\$ 31,175,791.03	31,175,791.03	29,450,253.38	1,684,553.01	40,984.64
Appropriated by N.J.S. 40A:4-87	A-2		30,486,805.58			
	A-2		688,985.45			
			<u>31,175,791.03</u>			
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			26,815,973.49		
Encumbrances Payable	A-18			392,812.37		
Deferred Charges - Special Emergency Authorizations	A-15			17,000.00		
Reserve for Uncollected Taxes	A-2			1,275,000.00		
Reserve for Tax Appeals	A-22			100,000.00		
Reserve for Length of Service Award Program	A-22			112,659.00		
Matching Funds for Grants	A-4/A-5/A-23			2,920.00		
Reserve for Grants	A-23			733,888.52		
				<u>29,450,253.38</u>		

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.
Comparative Balance Sheet - Regulatory Basis
Trust Funds
December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Other Trust Funds:			
Cash	B-1	\$ 1,834,314.71	1,436,258.26
		<u>1,834,314.71</u>	<u>1,436,258.26</u>
Unemployment Trust Fund:			
Cash	B-1	73,641.96	69,314.57
		<u>73,641.96</u>	<u>69,314.57</u>
Payroll Agency Fund:			
Cash	B-1	91,893.24	91,371.47
		<u>91,893.24</u>	<u>91,371.47</u>
Special Assessment Fund:			
Cash	B-1	66,224.25	45,701.19
Due from Rutherford Downtown Partnership	B-3	-	23,062.94
		<u>66,224.25</u>	<u>68,764.13</u>
COAH Trust Fund:			
Cash	B-1	413,051.90	369,556.04
		<u>413,051.90</u>	<u>369,556.04</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash	B-1	2,447,931.80	2,079,366.08
Contributions Receivable	B-4	-	32,700.00
		<u>2,447,931.80</u>	<u>2,112,066.08</u>
Total Assets		<u>\$ 4,927,057.86</u>	<u>4,147,330.55</u>

See Accompanying Notes to Financial Statements.

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

Trust Funds

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Other Trust Fund:			
Interfund - Current Fund - Other Trust	B-2	\$ 294,030.09	291,302.17
Reserve for:			
Recreation Commission Dedicated Revenue	B-7	311,984.79	311,434.19
Recycling Trust Program	B-7	2,015.03	1,735.03
Parking Offense Adjudication Fund	B-7	21,496.02	17,282.02
Fire Safety Penalties	B-7	36,555.29	19,619.23
Premiums Received at Tax Sale	B-7	788,800.00	559,300.00
Miscellaneous Trust Fund	B-7	425.00	425.00
Municipal Alliance Against Drugs	B-7	2,168.30	2,197.26
Police Forfeited Funds	B-7	2,423.88	2,417.57
Flexible Spending Account	B-7	722.44	1,226.07
Outside Police Duty	B-7	58,125.00	52,700.00
Multicultural Account	B-7	3,862.47	4,257.71
Donations	B-7	15,894.63	21,721.08
Builders/Special Escrow Deposits	B-8	295,811.77	150,640.93
		<u>1,834,314.71</u>	<u>1,436,258.26</u>
Unemployment Trust Fund:			
Reserve for Unemployment	B-9	73,498.35	66,468.41
Due to State of New Jersey	B-10	143.61	2,846.16
		<u>73,641.96</u>	<u>69,314.57</u>
Payroll Agency Fund:			
Payroll Deductions Payable	B-11	91,893.24	91,371.47
		<u>91,893.24</u>	<u>91,371.47</u>
Special Assessment Fund:			
Reserve for Downtown Rutherford Bucks	B-13	1,985.00	2,155.00
Reserve fro Downtown Improvement Projects	B-14	64,239.25	66,609.13
		<u>66,224.25</u>	<u>68,764.13</u>
COAH Trust Fund:			
Net Assets Available for Council on Affordable Housing	B-15	413,051.90	369,556.04
		<u>413,051.90</u>	<u>369,556.04</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-16	2,447,931.80	2,112,066.08
		<u>2,447,931.80</u>	<u>2,112,066.08</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,927,057.86</u>	<u>4,147,330.55</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	C-2/C-3	\$ 4,955,214.59	3,748,072.84
Grants Receivable	C-4	194,000.00	299,648.00
Deferred Charges to Future Taxation:			
Funded	C-5	4,522,501.91	5,571,002.75
Unfunded	C-6	<u>10,314,174.00</u>	<u>10,101,118.00</u>
Total Assets		<u>19,985,890.50</u>	<u>19,719,841.59</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	3,890,000.00	5,240,000.00
Green Acres Loan Payable	C-8	632,501.91	331,002.75
Bond Anticipation Notes	C-9	9,471,001.00	7,866,001.00
Improvement Authorizations:			
Funded	C-10	1,433,483.70	1,098,032.35
Unfunded	C-10	1,859,432.95	2,727,108.90
Encumbrances Payable	C-11	1,608,657.15	1,418,610.92
Capital Improvement Fund	C-12	16,266.83	16,266.83
Reserve for Building Improvements	C-13	685,861.75	700,000.00
Reserve for Debt Service	C-14	239,471.45	239,471.45
Fund Balance	C-1	<u>149,213.76</u>	<u>83,347.39</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 19,985,890.50</u>	<u>19,719,841.59</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2017 and 2016 of \$843,173.00 and \$2,235,117.00 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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance - December 31, 2016	C	\$ 83,347.39	\$ 8,566.56
Increased by:			
Funded Improvement Authorizations Cancelled	C-10	<u>65,866.37</u>	<u>74,780.83</u>
Balance - December 31, 2017	C/C-3	<u>\$ 149,213.76</u>	<u>\$ 83,347.39</u>

See Accompanying Notes to Financial Statements.

Exhibit E

Borough of Rutherford, N.J.

Comparative Balance Sheet - Regularatory Basis

Public Assistance Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	E-1	\$ <u>90,464.45</u>	<u>57,728.95</u>
		<u>90,464.45</u>	<u>57,728.95</u>
<u>Liabilities</u>			
Due to State of New Jersey	E-6	75,725.26	46,974.76
Reserve for Public Assistance	E-7	<u>14,739.19</u>	<u>10,754.19</u>
		\$ <u>90,464.45</u>	<u>57,728.95</u>

See Accompanying Notes to Financial Statements.

Borough of Rutherford, N.J.

Comparative Statement of General Fixed Assets - Statutory Basis

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>General Fixed Assets:</u>		
Land	\$ 46,365,800.00	46,365,800.00
Land Improvements	3,374,617.00	2,597,863.00
Buildings	11,802,095.00	11,802,095.00
Building Improvements	2,890,791.00	2,838,574.00
Machinery , Equipment and Vehicles	<u>13,509,660.00</u>	<u>12,972,324.00</u>
	<u>77,942,963.00</u>	<u>76,576,656.00</u>
Investment in General Fixed Assets	<u>\$ 77,942,963.00</u>	<u>76,576,656.00</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF RUTHERFORD, N. J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

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, 2017 and 2016
(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, 2017 and 2016
(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 11th day of the 11th 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, 2017 and 2016
(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, 2017 and 2016
(continued)

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

Basis of Accounting, (continued)

appropriations at the line item level. During 2017, the Borough Council increased the original budget by \$688,985.45. The increase was funded by \$688,985.45 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, 2017 and 2016
(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, 2017 and 2016
(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 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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect on future financial statements.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect on future financial statements.

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

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.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The Borough does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Borough is currently evaluating the effects, if any, this Statement may have on future financial statements.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

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, 2017 and 2016
(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, 2017, \$-0- of the Borough's bank balance of \$21,810,727.04 was exposed to custodial credit risk. As of December 31, 2016, \$-0- of the Borough's bank balance of \$15,789,433.14 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, 2017 and 2016
(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, 2017 and 2016 amounted to \$2,447,931.80 and \$2,079,366.08, respectively.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Money Market Funds	\$206,472.12	\$182,505.01
Fixed Income	358,312.83	277,267.80
Index	1,568,144.04	1,336,729.54
All Others	<u>315,002.81</u>	<u>282,863.73</u>
Total	<u>\$2,447,931.80</u>	<u>\$2,079,366.08</u>

NOTE 3: MUNICIPAL DEBT

Long-term debt as of December 31, 2017 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2016</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	\$5,240,000.00	\$	\$1,350,000.00	\$3,890,000.00	\$1,350,000.00
Green Acres Loan Payable	331,002.75	316,944.00	15,444.84	632,501.91	22,440.13
Other Liabilities - Compensated Absences Payable	3,836,016.67		604,387.25	3,231,629.42	
Deferred Pension Obligation	<u>482,433.00</u>	<u> </u>	<u>47,530.00</u>	<u>434,903.00</u>	<u>52,939.00</u>
	<u>\$9,889,452.42</u>	<u>\$316,944.00</u>	<u>\$2,017,362.09</u>	<u>\$8,189,034.33</u>	<u>\$1,425,379.13</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, 2017 and 2016
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued:</u>			
<u>General:</u>			
Bonds and Notes	\$13,361,001.00	\$13,106,001.00	\$14,425,001.00
Loans	<u>632,501.91</u>	<u>331,002.75</u>	<u>346,143.27</u>
Total Issued	13,993,502.91	13,437,003.75	14,771,144.27
<u>Authorized But Not Issued</u>			
<u>General:</u>			
Bonds and Notes	<u>843,173.00</u>	<u>2,235,117.00</u>	<u>1,668,843.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$14,836,675.91</u>	<u>\$15,672,120.75</u>	<u>\$16,439,987.27</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 .517%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$11,115,000.00	11,115,000.00	0.00
General Debt	<u>14,836,675.91</u>		<u>14,836,675.91</u>
	<u>\$25,951,675.91</u>	<u>\$11,115,000.00</u>	<u>\$14,836,675.91</u>

Net Debt \$14,836,675.91 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,870,339,406.00 = .517%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$100,461,879.21
Net Debt	<u>14,836,675.91</u>
Remaining Borrowing Power	<u>\$85,625,203.30</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

The Borough's long term debt consisted of the following at December 31, 2017:

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%	\$1,100,000.00
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>2,790,000.00</u>
Total	<u><u>\$3,890,000.00</u></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.

	<u>General</u>		
<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$3,890,000.00</u>	<u>\$282,712.50</u>	<u>\$4,172,712.50</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

At December 31, 2017, the Borough had authorized but not issued debt of \$843,173.00.

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. 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			
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	17,060.72	4,927.34	21,988.06
2023-2027	90,587.33	19,352.96	109,940.29
2028-2032	100,064.76	9,875.54	109,940.30
2033-2034	<u>42,898.33</u>	<u>1,077.79</u>	<u>43,976.12</u>
	<u>\$315,557.94</u>	<u>\$58,239.06</u>	<u>\$373,797.00</u>

The Borough has been awarded a Green Acres Loan for the Wallfield improvements in the amount of \$316,944.00. This loan closed effective November 6, 2017. The following is the schedule of annual debt service for principal and interest on the outstanding loan:

Calendar			
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$6,684.85	\$3,169.44	\$9,854.29
2019	13,570.92	6,137.66	19,708.58
2020	13,843.70	5,864.89	19,708.59
2021	14,121.96	5,586.64	19,708.60
2022	14,405.81	5,302.79	19,708.60
2023-2027	76,490.57	22,052.39	98,542.96
2028-2032	84,493.16	14,049.76	98,542.92
2033-2037	<u>93,333.03</u>	<u>5,209.92</u>	<u>98,542.95</u>
	<u>\$316,944.00</u>	<u>\$67,373.49</u>	<u>\$384,317.49</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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, 2017, the Borough had \$9,471,001.00 outstanding bond anticipation notes and \$16,999.00 in special emergency notes that mature on November 30, 2018 at an interest rate of 1.35%.

The following activity related to bond anticipation notes/special emergency notes occurred during the calendar year ended December 31, 2017.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Bank	<u>\$7,900,000.00</u>	<u>\$9,488,000.00</u>	<u>\$7,900,000.00</u>	<u>\$9,488,000.00</u>
	<u>\$7,900,000.00</u>	<u>\$9,488,000.00</u>	<u>\$7,900,000.00</u>	<u>\$9,488,000.00</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, 2017 the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2017</u>	<u>2018 Budget Appropriation</u>	<u>Balance to Succeeding Budget</u>
Special Emergency Authorization	<u>\$16,999.00</u>	<u>\$16,999.00</u>	<u>\$0.00</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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).

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.

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

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7: PENSION PLANS, (continued)

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

Service retirement benefits of 1/55th 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 1/60th 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.

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.

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

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7: PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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.

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

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7: PENSION PLANS, (continued)

Significant Legislation, (continued)

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, 2017 is \$434,903.00.

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 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>
2017	\$662,630.00	\$1,197,083.00	\$8,409.58
2016	668,586.00	1,068,416.00	9,578.20
2015	649,195.00	1,003,073.00	12,473.93

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7: PENSION PLANS, (continued)

Contribution Requirements, (continued)

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, 2017, the Borough had a liability of \$16,650,562 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Borough's proportion was 0.0715279429 percent, which was an increase/(decrease) of (0.0015687974) percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$662,630.00. At December 31, 2017, 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	\$392,063.00	\$
Changes of assumptions	3,354,514.00	3,342,216.00
Net difference between projected and actual earnings on pension plan investments	113,379.00	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	199,775.00	477,425.00
Borough contributions subsequent to the measurement date		
Total	<u>\$4,059,731.00</u>	<u>\$3,819,641.00</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) 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:	
2018	\$391,790
2019	591,493
2020	358,414
2021	(476,692)
2022	(347,445)

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 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Borough's Proportion	0.0715279429%	0.0730967403%

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 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).

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017, 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, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$20,656,152.00	\$16,650,562.00	\$13,313,409.00

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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS)

At December 31, 2017, the Borough had a liability of \$20,881,652.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Borough's proportion was 0.1352607948 percent, which was an increase/(decrease) of 0.0015137436 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$1,197,083.00. At December 31, 2017, 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	\$135,468.00	\$122,558.00
Changes of assumptions	2,574,940.00	3,419,804.00
Net difference between projected and actual earnings on pension plan investments	398,471.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,236,149.00	820,366.00
Borough contributions subsequent to the measurement date		
Total	<u>\$4,345,028.00</u>	<u>\$4,362,728.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) 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:	
2018	\$254,093
2019	688,163
2020	140
2021	(953,710)
2022	(422,170)

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (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 5.59, 5.58, 5.53 and 6.17 years for 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$2,941,952,753	\$4,547,316,543
Collective deferred inflows of resources	3,262,432,093	688,197,590
Collective net pension liability	17,167,260,198	20,706,699,056
Borough's Proportion	0.1352607948%	0.1337470512%

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 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	7.00 Percent

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

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.

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

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, 2017, 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, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Borough's proportionate share of the pension liability	\$30,595,017	\$20,881,652	\$17,161,628

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.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017 and 2016 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Current Fund	<u>\$2,425,000.00</u>	<u>\$1,625,000.00</u>

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2017</u>
Land	\$46,365,800.00			\$46,365,800.00
Land Improvements	2,597,863.00	\$776,754.00	\$	3,374,617.00
Buildings	11,802,095.00			11,802,095.00
Building Improvements	2,838,574.00	52,217.00		2,890,791.00
Machinery and Equipment	<u>12,972,324.00</u>	<u>764,450.00</u>	<u>227,114.00</u>	<u>13,509,660.00</u>
	<u>\$76,576,656.00</u>	<u>\$1,593,421.00</u>	<u>\$227,114.00</u>	<u>\$77,942,963.00</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 \$3,231,629.42. 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, 2017 consist of the following:

\$291,883.94	Due to the Current Fund from Other Trust Fund for interest earned and Other Trust Fund bills paid by the Current Fund.
<u>280,975.10</u>	Due to the Current Fund from the Federal and State Grant Fund for Federal and State Grant Fund bills paid by the Current Fund
<u>\$572,859.04</u>	

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, 2017 and 2016
(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, 2017 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 2017 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, 2017 and 2016
(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, 2017 and 2016
(continued)

NOTE 13: RISK MANAGEMENT, (continued)

Year Ended Dec. 31,	Interest Earnings/ Borough Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2017	\$679.90	\$14,371.26	\$8,021.22	\$73,498.35
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

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:

	Balance Dec 31, 2017	Balance Dec 31, 2016
Prepaid Taxes	<u>\$3,950,087.02</u>	<u>\$281,472.32</u>
Cash Liability for Taxes Collected in Advance	<u>\$3,950,087.02</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, 2017 and 2016
(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 then 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. Thereunder, 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 Toskos's decision to the Appellate Division which was assigned Docket Number A-2055-16. That matter was referred to Labor Counsel, Eric M. Bernstein & Associates, LLC, on February 6, 2017 and is currently being handled by Mr. Bernstein's office. Mr. Bernstein's office advised that the status of the case is that the Appellate Court entertained oral argument in February of this year and has yet to reach its decision.

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.

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 \$1,547,224.89 for the period from January 1, 2017 through December 31, 2017 for approximately 71 retired employees and \$1,517,985.64 for the period January 1, 2016 through December 31, 2016 for approximately 65 retired employees.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS, (continued)

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 for 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 are 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, 2017 is \$ 51,301,188 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2017.

- *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.

The ARC as of December 31, 2017 is \$4,082,324 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2017. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 932,865
(2) Actuarial Accrued Liability	\$ 51,301,188
(3) Assets	\$ 0
(4) UAAL = (2)-(3)	\$ 51,301,188
(5) 30 Year Amortization of UAAL at Discount Rate	\$ 3,149,459
(6) ARC = (1)+(5)	\$ 4,082,324

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS, (continued)

Basis of Valuation

This valuation has been conducted as of December 31, 2017 based upon census, plan design and claims information provided by The Fund. Census includes 95 participants currently receiving retiree benefits, and 100 active participants of whom 13 are eligible to retire as of the valuation date. The average age of the active population is 44 and the average age of the retiree population is 65.

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, 2016 report from Conduent. 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, 2016 report from Aon Consultants.

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>6% in 2017, reducing by 0.1% per annum, leveling at 5% per annum in 2026</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.

BOROUGH OF RUTHERFORD, N.J.
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 16: OTHER POST EMPLOYMENT BENEFITS, (continued)

- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2017 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 medical costs were decreased using the assumption that Medicare picks up 66.7%. Employer costs for current retirees are measured at \$1.380 million for 2017.
- 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 18, 2018, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate:	<u>2.663</u>	<u>2.604</u>	<u>2.533</u>	<u>2.454</u>	<u>2.382</u>
<u>Apportionment of Tax Rate:</u>					
Municipal	.847	.845	.846	.832	.811
Municipal Library	.035	.034	.031	.031	.031
County	.255	.247	.225	.215	.210
County Open Space	.010	.003	.003	.003	.003
Local School	1.516	1.475	1.428	1.373	1.327

Assessed Valuation

2017	\$2,712,423,790.00
2016	2,720,012,392.00
2015	2,726,370,461.00
2014	2,745,812,709.00
2013	2,784,650,057.00

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>
2017	\$72,315,609.68	\$71,782,676.93	99.26%
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

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current Year	\$439,484.76	\$836,069.76	\$567,084.30	\$656,003.98	\$598,430.89
Prior Years	0.00	0.00	0.00	10,976.64	26,790.19
Tax Title Liens	<u>57,018.42</u>	<u>55,356.70</u>	<u>53,731.80</u>	<u>149,351.51</u>	<u>141,358.83</u>
Totals	<u>\$496,503.18</u>	<u>\$891,426.46</u>	<u>\$620,816.10</u>	<u>\$816,332.13</u>	<u>\$766,579.91</u>
Percentage of each years Tax Levy	.69%	1.25%	.89%	1.21%	1.15%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

There was no property sold or acquired during the year 2017.

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>
2017	\$7,025.00
2016	7,025.00
2015	7,025.00
2014	7,025.00
2013	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>
2017	\$6,966,869.44	\$2,425,000.00
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

OFFICIALS IN OFFICE AND SURETY BONDS

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

		<u>Amount of</u> <u>Bond</u>	<u>Personal</u> <u>Surety</u>
Joseph DeSalvo, Jr.	Mayor		
Frank Nunziato	Council President		
Mark Goldsack	Councilman		
Stephanie McGowan	Councilwoman		
Thomas Mullahey	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.

SCHEDULE A

BOROUGH OF RUTHERFORD, N.J.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Name of Federal Agency or Department</u>	<u>Federal Program</u>	<u>C.F.D.A. Account No.</u>	<u>Total Grant Award Amount</u>	<u>Balance Jan. 1, 2017</u>	<u>Receipts</u>	<u>Cancelled/ Expended</u>	<u>Balance Dec. 31, 2017</u>	<u>Memo Cumulative Total Expenditures</u>
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	14.218	66,680.00	46,044.00			46,044.00	20,636.00
	2017 Sidewalk Rehabilitation	14.218	115,500.00		115,500.00	115,500.00		115,500.00
	Sidewalk Rehabilitation	14.218	11,438.48		11,438.48		11,438.48	
U.S. Department of Justice	Bullet Proof Vest Program	16.607	8,460.00	(3,506.00)	2,212.50		(1,293.50)	5,684.00
	Bullet Proof Vest Program - 2015	16.607	2,016.29		424.05		424.05	
	Bullet Proof Vest Program - 2017	16.607	2,473.78		2,473.78		2,473.78	
	Body Worn Camera's	16.835	10,000.00	(10,000.00)	10,000.00			10,000.00
National Highway Safety Pass thru State of NJ	Drive Sober or Get Pulled Over	20.616	5,000.00					4,900.00
U.S. Environmental Protection Agency	Municipal Stormwater Regulation	66.605	24,058.00					15,750.00
US Department of Homeland Security	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 Safe Routes to School	20.205	2,018.19 368,000.00	0.08			0.08	
				9,119.08	206,429.81	115,500.00	100,048.89	245,889.00

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, 2017

State Grantor Department	Program Title	State Program/Account Number	Program Amount	Balance Jan. 1, 2017	Revenues/Receipts	Cancelled/Expended	Balance Dec. 31, 2017	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-Y300-001	756.32	756.32			756.32	
			862.96	862.96			862.96	
			593.59	593.59			593.59	
			580.52	580.52			580.52	
			827.12	827.12			827.12	
			707.20	707.20			707.20	
			1,631.65	1,631.65			1,631.65	
			2,187.56	2,187.56			2,187.56	
Division of Criminal Justice	Body Armor Fund - 2008	1020-718-066-1020-001	4,371.00	(324.68)			(324.68)	4,371.00
	Body Armor Fund - 2009		4,052.00	(3,860.00)			(3,860.00)	3,860.00
	Body Armor Fund - 2010		5,076.13	541.36			541.36	4,534.75
	Body Armor Fund - 2014		3,874.05	2,160.26			2,160.26	1,713.78
	Body Armor Fund - 2015		3,867.77	3,867.77			3,867.77	2,655.00
	Body Armor Fund - 2016		3,627.75	3,627.75			3,627.75	2,655.00
	Body Armor Fund - 2017		3,713.80	3,713.80			3,713.80	
Department of Human Services	General Assistance	7500-150-15801060 A/C#2	110,602.00	46,974.76	139,352.50	110,602.00	75,725.26	110,602.00
Department of Community Affairs	Recreational Opportunities for Individuals with Disabilities		18,000.00	11,940.94		6,089.35	5,851.59	12,148.41
			20,000.00	219.12			219.12	18,685.26
			20,000.00	(2,212.55)	7,381.21	975.00	4,193.66	15,805.34
Department of Environmental Protection	Clean Communities Program	4900-765-178900-60	26,666.63	6,666.66		6,666.66		26,666.63
			32,417.68	14,006.27		14,006.27		32,417.68
			37,056.25	33,352.42		29,922.42	3,430.00	29,922.42
			31,483.31		31,483.31	12,005.64	19,477.67	12,005.64
	Recycling Tonnage Grant	4900-752-042-4900	20,458.35	0.87			0.87	20,457.51
			24,924.00	24,924.00		24,924.00	21,667.84	
			21,667.84		21,667.84			
	Green Acres - Kids Spot		60,000.00	36,871.77			36,871.77	
	Green Acres - Wall Field Improvements		105,648.00	(105,648.00)	105,648.00			105,648.00
	Green Acres - Memorial & Lincoln Field Imp.		184,000.00					184,000.00
	Community Forestry Management Plan		150,000.00					150,000.00
	Electric Vehicle Charging Grant		40,000.00					40,000.00
Bergen County Municipal Alliance Grant	Governor's Alcohol and Drug Abuse Prevention	1110-448-031020-22	15,177.00					15,177.00
			11,677.00					11,677.00
			11,677.00			9,649.00	(9,649.00)	
Department of Transportation	Transportation Trust Fund		146,500.00	(36,625.00)			(36,625.00)	146,500.00
	Ridge Road - Ph. II	6320-480-078-6320	149,000.00	89,947.71			(25,716.01)	203,611.43
	2015 Municipal Road Aid Projects	6320-480-078-6320	165,627.00				(165,627.00)	165,627.00
	2016 Municipal Road Aid Projects	6320-480-078-6320						
				131,371.47	311,434.22	599,018.26	(156,212.57)	1,242,592.56

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, 2017

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2016	A		\$ 9,104,889.40
Increased by Receipts:			
Interest and Costs on Taxes	A-2	199,399.10	
Miscellaneous Revenue Not Anticipated	A-2	258,898.11	
Petty Cash Returned	A-6	800.00	
Taxes Receivable	A-10	72,144,549.75	
Revenue Accounts Receivable	A-13	4,459,975.33	
Interfunds	A-14	294,245.89	
Prepaid Taxes	A-19	3,950,087.02	
Due From State - Senior Citizen and Veteran Deductions	A-8	116,125.34	
Various Cash Liabilities and Reserves	A-22	<u>495,902.63</u>	
			<u>81,919,983.17</u>
			<u>91,024,872.57</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	26,815,973.49	
Matching Funds for Grants	A-3	2,920.00	
Interfunds	A-14	575,802.76	
Appropriation Reserves	A-17	609,615.77	
Refund Prior Year Taxes	A-1	28.00	
Petty Cash Advanced	A-6	800.00	
Advance/Security Deposit	A-9	68.89	
Local District School Taxes	A-20	41,102,731.00	
County Taxes Payable	A-21	7,209,332.26	
Various Cash Liabilities and Reserves	A-22	<u>990,983.53</u>	
			<u>77,308,255.70</u>
Balance - December 31, 2017	A		\$ <u><u>13,716,616.87</u></u>

Borough of Rutherford , N.J.
Schedule of Cash - Grant Fund
Grant Fund
Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016			\$ 75,630.67
<u>Increased by Receipts:</u>			
Grants Receivable	A-16	264,576.27	
Unappropriated Reserve for Grants	A-24	11,438.48	
Matching Funds for Grants	A-3	2,920.00	
Interfund - Other Trust Fund	A-26	280,975.10	
			559,909.85
			635,540.52
<u>Decreased by Disbursements:</u>			
Appropriated Reserve for Grants	A-23	635,540.52	
			635,540.52
Balance - December 31, 2017			\$ 0.00

Exhibit A-6

Borough of Rutherford , N.J.

Schedule of Petty Cash

Current Fund

Year Ended December 31, 2017

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, 2017

Ref.

Balance - December 31, 2016	A	\$ <u>770.00</u>
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Balance - December 31, 2017	A	\$ <u>770.00</u>
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Analysis of Balance:

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, 2017

	<u>Ref.</u>	
Balance - December 31, 2016 Due from	A	\$ 1,259.86
Increased by:		
Senior Citizens' Deductions Per Tax Billing		
Veterans' Deductions Per Tax Billing	118,000.00	
Senior Citizens' and Veterans' Allowed	<u>2,750.00</u>	
	120,750.00	
Less:		
Senior Citizens' and Veterans' Disallowed - Prior	3,041.10	
Senior Citizens' and Veterans' Disallowed - Current	<u>2,000.00</u>	
	A-10	<u>115,708.90</u>
		116,968.76
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>116,125.34</u>
Balance - December 31, 2017 Due from	A	<u>\$ 843.42</u>

Advance/Security Deposit

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 446.42
Increased by:		
Disbursed	A-4	<u>68.89</u>
Balance - December 31, 2017	A	<u>\$ 515.31</u>

Borough of Rutherford, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2017

Year	Balance, Dec. 31, 2016	Original Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	(Adjusted)/ Cancelled	Balance, Dec. 31, 2017
				2016	2017				
2016	\$ 836,069.76			839,110.86	(3,041.10)				
	836,069.76	72,231,847.77	83,761.91	839,110.86	(3,041.10)		1,661.72	91,786.27	439,484.76
2017				71,305,438.89	118,750.00				
	\$ 836,069.76	72,231,847.77	83,761.91	72,144,549.75	115,708.90		1,661.72	91,786.27	439,484.76
	A			A-2/A-4	A-2/A-8		A-11		A

Analysis of Tax Levy

Tax yield:
 General Property Tax
 Public Utility Tax
 Added & Omitted Tax (R.S. 54:4-63.1 et seq.)

71,943,503.72
 288,344.05
 83,761.91
 72,315,609.68

Tax Levy:
 Local District School Tax
 County Tax including Open Space Tax
 Added County Taxes

41,102,731.00
 7,199,411.30
 8,328.75

Local Tax for Municipal Purposes
 Additional Taxes

7,207,740.05
 48,310,471.05
 24,005,138.63
 72,315,609.68

Exhibit A-11

Borough of Rutherford , N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2017

Balance - December 31, 2016	<u>Ref.</u> A	\$ 55,356.70
Increased by:		
Transfer from Taxes Receivable	A-10	<u>1,661.72</u>
Balance - December 31, 2017	A	\$ <u>57,018.42</u>

Exhibit A-12

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2017

Balance - December 31, 2016	<u>Ref.</u> A	\$ <u>7,025.00</u>
Balance - December 31, 2017	A	\$ <u>7,025.00</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>7,025.00</u>

Borough of Rutherford , N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2017

	Ref.	Balance Dec. 31, 2016	Accrued	Collected	Balance Dec. 31, 2017
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	\$	18,822.00	18,822.00	
Other	A-2		5,950.00	5,950.00	
Fees, Permits and Miscellaneous	A-2		18,541.00	18,541.00	
Board of Health/Registrar of Vital Statistics:					
Fees and Permits	A-2		41,482.00	41,482.00	
Building Department					
Other Licenses	A-2		700.00	700.00	
Planning Board / Board of Adjustment Fees	A-2		8,850.00	8,850.00	
Clothing Bin Fees	A-2		2,500.00	2,500.00	
Farmer Market Fees	A-2		2,850.00	2,850.00	
Vending Machines	A-2		500.00	500.00	
Municipal Court - Fines and Costs	A-2	31,713.24	395,753.11	401,995.89	25,470.46
Parking Meters	A-2		271,545.72	271,545.72	
Interest on Investments	A-2		164,928.91	164,928.91	
Parking Lot Permits	A-2		148,375.00	148,375.00	
Uniform Fire Safety Fees - Local Fees	A-2		78,359.00	78,359.00	
Elevator Inspection Fees	A-2		30.00	30.00	
Consolidated Municipal Property Tax Relief Aid	A-2		56,261.00	56,261.00	
Energy Receipts Tax	A-2		1,328,328.00	1,328,328.00	
Uniform Construction Code Fees	A-2		553,873.40	553,873.40	
Uniform Fire Safety Act - LEA Rebate	A-2		23,027.89	23,027.89	
Lease of Borough Property	A-2		165,789.34	165,789.34	
Cable TV Franchise Fee	A-2		259,575.57	259,575.57	
Nursing Services Non-Public School Pupils	A-2		31,645.00	31,645.00	
Nereid Boat Club - Green Trust Loan Repayment	A-2		21,988.06	21,988.06	
Fees and Permits - Recycling Revenues	A-2		8,246.97	8,246.97	
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		23,767.04	23,767.04	
Hotel Occupancy Fee	A-2		282,640.87	282,640.87	
NJMC Tax Sharing	A-2		219,798.37	219,798.37	
		\$	<u>31,713.24</u>	<u>4,482,878.25</u>	<u>4,489,121.03</u>
			A		A
Receipts	A-4			4,459,975.33	
Prepaid Licenses & Fees	A-22			29,145.70	
				<u>4,489,121.03</u>	

Borough of Rutherford, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To) Balance Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Due From/(To) Balance Dec. 31, 2017</u>
Dog License Fund	A	\$	5.67	5.67	
Other Trust Fund	A	291,302.17	294,030.09	293,448.32	291,883.94
Federal and State Grant Fund	A		280,975.10		280,975.10
Public Assistance Fund	A		791.90	791.90	
		<u>\$ 291,302.17</u>	<u>575,802.76</u>	<u>294,245.89</u>	<u>572,859.04</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	<u>291,302.17</u>			<u>572,859.04</u>
		<u>291,302.17</u>			<u>572,859.04</u>
Disbursed	A-4		575,802.76		
Received	A-4			294,245.89	
			<u>575,802.76</u>	<u>294,245.89</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, 2017

<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2016</u>	<u>Reduced in 2017</u>	<u>Balance, Dec. 31, 2017</u>
7/23/2013 Preparation of Tax Maps	\$ 84,999.00	16,999.80	33,999.00	17,000.00	16,999.00
	\$ 84,999.00	16,999.80	33,999.00	17,000.00	16,999.00
		<u>A</u>	<u>A</u>	<u>A-3</u>	<u>A</u>

Borough of Rutherford, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	<u>Balance, Dec. 31, 2016</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance, Dec. 31, 2017</u>
Local Grants:					
Sustainable New Jersey	\$ 10,000.00				10,000.00
Bergen County Open Space Grant - WWI Monument	11.00				11.00
Bergen County Open Space Grant - Sunset Memorial Park Improvement	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	6,039.00				6,039.00
2016 - Donations - Police Equipment		5,938.23	5,938.23		
2017 - Donations - Police Equipment		900.00	900.00		
Bergen County Local Arts Program Grant - 2016	950.00		950.00		
Bergen County Local Arts Program Grant - 2017		3,420.00	2,565.00		855.00
Bergen County Historic Preservation Grant - 2015	43,500.00				43,500.00
Bergen County History Grant for Special Projects - 2016	235.00		235.00		
Bergen County History Grant for Special Projects - 2017		1,300.00	975.00		325.00
Bergen County ADA Cooperative Grant	61,125.00				61,125.00
Bergen County Union Ave. Drainage Imp. Project	274,390.00				274,390.00
	<u>432,372.00</u>	<u>11,558.23</u>	<u>11,563.23</u>		<u>432,367.00</u>
Federal Grants:					
Drive Sober or Get Pulled Over	100.00				100.00
Bulletproof Vest Partnership Grant	6,282.00		2,212.50		4,069.50
Bulletproof Vest Partnership Grant - 2015	2,016.29		424.05		1,592.24
Bulletproof Vest Partnership Grant - 2017		2,473.78			2,473.78
Body Worn Camera (WBC) Assistance Program	10,000.00		10,000.00		
2017 NJDOT Safe Routes to Schools		368,000.00			368,000.00
Bergen County CDBG - 2017 Sidewalk Rehabilitation	76,762.00	115,500.00	115,500.00		12,381.00
Assistance to Firefighters Grant	95,160.29	485,973.78	192,517.55		388,616.52
State Grants:					
Municipal Alliance on Alcoholism and Drug Abuse - 2014/15	3,888.50				3,888.50
Municipal Alliance on Alcoholism and Drug Abuse - 2015/16	9,949.00				9,949.00
Municipal Alliance on Alcoholism and Drug Abuse - 2016/17		11,677.00			11,677.00
Alcohol Education and Rehabilitation Fund		2,187.56	2,187.56		
NJDEP - Electric Vehicle Workplace Charging Grant	40,000.00				40,000.00
NJDEP Forestry Management Plan Grant	150,000.00				150,000.00
N.J. Div. Of Criminal Justice - Body Armor Grant 2008	324.68				324.68

Borough of Rutherford, N.J.
Schedule of Grants Receivable
Federal and State Grant Fund
Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	Budget Revenue	<u>Received</u>	<u>Cancelled</u>	Balance, Dec. 31, 2017
N.J. Div. Of Criminal Justice - Body Armor Grant 2009	4,052.00	3,713.80	3,713.80		4,052.00
N.J. Div. Of Criminal Justice - Body Armor Grant 2017		21,667.84	21,667.84		
Recycling Tonnage Grant		31,483.31	31,483.31		
Clean Communities Program		7,381.21	7,381.21		
Recreational Opportunities for Individuals with Disabilities	7,381.21				1,095.62
Recreational Opportunities for Individuals with Disabilities	1,095.62				60,052.29
N.J. Transportation Trust Fund Authority Act - 2015 Municipal Aid	60,052.29				4,384.16
N.J. Transportation Trust Fund Authority Act - Mortimer Ave.	4,384.16				36,625.00
N.J. Transportation Trust Fund Authority Act - Ridge Road II	36,625.00	165,627.00			165,627.00
N.J. Transportation Trust Fund Authority Act - 2016 Municipal Aid	317,752.46	236,356.51	66,433.72		487,675.25
	<u>\$ 845,284.75</u>	<u>733,888.52</u>	<u>270,514.50</u>	<u>A-1/A-5</u>	<u>1,308,658.77</u>
	A	A-2			A
Transfer from Unappropriated Reserve for Grants			5,938.23		
Receipts			264,576.27		
			<u>270,514.50</u>		

Borough of Rutherford, N.J.

Schedule of Appropriation Reserves

Current Fund

Page 1 of 2

Year Ended December 31, 2017

	Balance, Dec. 31, 2016	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
General Administration	\$ 27,230.81	27,230.81		27,230.81
Mayor and Council	0.62	0.62		0.62
Municipal Clerk	5,391.25	5,391.25		5,391.25
Financial Administration	30,475.58	30,475.58	1,068.00	29,407.58
Collection of Taxes	1,467.94	1,467.94		1,467.94
Assessment of Taxes	3,754.84	3,754.84	434.50	3,320.34
Property Management Enforcement Police	1,772.16	3,772.16	2,055.00	1,717.16
	81,529.05	81,529.05	38,852.15	42,676.90
Fire Official	11,082.71	11,082.71		11,082.71
Municipal Court	1,290.69	1,290.69		1,290.69
Public Defender	0.10	0.10		0.10
Road Repairs and Maintenance	73,111.19	63,111.19	1,899.50	61,211.69
Shade Tree	19,167.36	19,167.36		19,167.36
Sewer System	3,213.83	3,213.83	346.92	2,866.91
Garbage and Trash	38,980.77	38,980.77	796.86	38,183.91
Recycling Program	23,944.46	23,944.46	2,524.46	21,420.00
Public Buildings and Grounds	7,180.87	7,180.87	504.39	6,676.48
Board of Health	5,655.79	5,655.79		5,655.79
Administration of Public Assistance	946.96	946.96		946.96
Recreation Commission	47,171.88	47,171.88		47,171.88
Salary Attrition (Terminal Leave)	12,724.28	12,724.28		12,724.28
Reserve for Compensated Absences	50,000.00	50,000.00		50,000.00
Construction Code Officials	22,060.61	22,060.61	3,004.96	19,055.65
Total Salaries and Wages Within "CAPS"	468,153.75	460,153.75	51,486.74	408,667.01
Other Expenses Within "CAPS":				
General Administration	5,155.02	5,155.02	690.80	4,464.22
Mayor and Council	4,351.32	4,576.32	225.00	4,351.32
Municipal Clerk	2,178.78	8,621.14	5,654.28	2,966.86
Financial Administration - Other	9,930.76	11,273.76	7,696.62	3,577.14
Financial Administration - Audit	25,000.00	27,000.00	25,500.00	1,500.00
Computerized Data Processing	11,542.78	11,542.78		11,542.78
Collection of Taxes	138.29	1,058.52	920.23	138.29
Assessment of Taxes	66,427.53	68,962.53	11,935.00	57,027.53
Legal Services and Costs	46,772.20	100,823.85	21,353.23	79,470.62
Engineering Services & Costs	56,240.00	83,895.24	7,655.24	76,240.00
Engineering Services & Costs Complete Streets	5,000.00	5,000.00		5,000.00
Planning Board	4,934.76	4,934.76	1,968.35	2,966.41
Board of Adjustment	9,985.00	9,985.00	1,705.00	8,280.00
Property Management Enforcement	500.00	500.00		500.00
Police	36,884.41	62,183.47	29,047.01	33,136.46
Emergency Management Services	7,168.96	7,378.49	209.53	7,168.96
Fire	3,355.87	62,323.27	56,898.13	5,425.14
Fire Official	4,289.10	5,612.21	3,073.91	2,538.30
Municipal Court	3,653.27	4,464.93	1,376.66	3,088.27
Road Repairs and Maintenance	15,228.93	79,316.12	61,629.58	17,686.54
Shade Tree Division	7,875.93	9,929.85	1,963.42	7,966.43
Sewer System	29,459.26	29,459.26		29,459.26
Garbage & Trash Removal	6,243.42	12,506.60	8,352.71	4,153.89
Public Buildings and Grounds	41,633.81	64,636.81	26,751.60	37,885.21
Garbage & Trash Removal - Dumping Fees	86,538.02	174,891.57	124,506.34	50,385.23
Board of Health	6,418.24	6,811.47	1,083.15	5,728.32
Animal Control	5,148.74	5,148.74	1,841.66	3,307.08
Administration of Public Assistance	657.88	906.87	248.99	657.88
Rutherford Senior Citizens - Kip Center		15,000.00	15,000.00	
Recreation Department	6,219.11	18,333.19	11,875.50	6,457.69
Educational Plan for Employees	5,000.00	5,000.00		5,000.00

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

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, 2016	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
General Liability Insurance	579.66	579.66		579.66
Workers Compensation Insurance	731.42	731.42		731.42
Employee Group Insurance	231,810.17	169,585.59	5,781.81	163,803.78
Other Insurance Premiums	5,131.40	5,131.40	478.50	4,652.90
Health Benefit Waiver	951.02	951.02		951.02
Legal Settlements	22,000.00	22,000.00		22,000.00
Construction Code Official	1,133.10	3,234.34	477.76	2,756.58
Electricity	139,465.00	148,795.03	64,222.74	84,572.29
Street Lighting	34,307.49	34,307.49	22,252.23	12,055.26
Telephone	10,980.15	14,552.96	5,093.57	9,459.39
Water	7,556.47	7,556.47	5,527.35	2,029.12
Fuel Oil	2,000.00	16,222.32	1,126.08	15,096.24
Gasoline	86,398.41	117,910.42	24,912.04	92,998.38
Contingent	1,000.00	1,350.00	350.00	1,000.00
Total Other expenses Within "CAPS"	<u>1,057,975.68</u>	<u>1,450,139.89</u>	<u>559,384.02</u>	<u>890,755.87</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security System (O.A.S.I.)	52,473.09	52,473.09	1,062.05	51,411.04
Defined Contribution Retirement Plan	2,921.80	2,921.80		2,921.80
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>55,394.89</u>	<u>55,394.89</u>	<u>1,062.05</u>	<u>54,332.84</u>
Total Reserves Within "CAPS"	<u>1,581,524.32</u>	<u>1,965,688.53</u>	<u>611,932.81</u>	<u>1,353,755.72</u>
Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library	6,575.43	6,575.43	6,575.43	
Passaic Valley Trunk Sewer	899.28	899.28		899.28
BCUA Sewer Charges	407.36	407.36		407.36
Grants Match - Assistance to Firefighters Grant	1,162.00	1,162.00		1,162.00
Total Other Expenses Excluded from "CAPS"	<u>9,044.07</u>	<u>9,044.07</u>	<u>6,575.43</u>	<u>2,468.64</u>
Total Reserves Excluded from "CAPS"	<u>9,044.07</u>	<u>9,044.07</u>	<u>6,575.43</u>	<u>2,468.64</u>
Total Reserves	<u>\$ 1,590,568.39</u>	<u>1,974,732.60</u>	<u>618,508.24</u>	<u>1,356,224.36</u>
				A-1
Appropriation Reserve	Ref.	1,590,568.39		
Prior Year Encumbrances	Above A-18	384,164.21		
		<u>1,974,732.60</u>		
Transfer to Accounts Payable	A- 22		8,892.47	
Disbursed	A-4		609,615.77	
			<u>618,508.24</u>	

Exhibit A-18

Borough of Rutherford , N.J.
Schedule of Encumbrances Payable
Current Fund
Year Ended December 31, 2017

Balance - December 31, 2016	<u>Ref.</u> A	\$ 384,164.21
Increased by:		
Transfer from Current Appropriations	A-3	<u>392,812.37</u>
		<u>776,976.58</u>
<hr/>		
Decreased by:		
Transfer to Appropriation Reserves	A-17	<u>384,164.21</u>
Balance - December 31, 2017	A	\$ <u><u>392,812.37</u></u>

Exhibit A-19

Schedule of Prepaid Taxes
Current Fund
Year Ended December 31, 2017

Balance - December 31, 2016	<u>Ref.</u> A	\$ 358,488.04
Increased by:		
Receipts - Prepaid 2018 Taxes	A-4	<u>3,950,087.02</u>
		<u>4,308,575.06</u>
Decreased by:		
Applied to 2017 Taxes	A-10	<u>358,488.04</u>
Balance - December 31, 2017	A	\$ <u><u>3,950,087.02</u></u>

Borough of Rutherford , N.J.
Schedule of Local District School Tax
Current Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by:		
2017 Levy	A-1/A-10	\$ <u>41,102,731.00</u>
<hr/>		
Decreased by:		
Payments	A-4	\$ <u><u>41,102,731.00</u></u>

Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 9,920.96
Increased by:		
General County Tax	A-1/A-10	6,911,376.23
Open Space Tax	A-1/A-10	288,035.07
Added and Omitted Taxes	A-1/A-10	<u>8,328.75</u>
		<u>7,207,740.05</u>
		7,217,661.01
Decreased by:		
Payments	A-4	<u>7,209,332.26</u>
Balance - December 31, 2017	A	\$ <u><u>8,328.75</u></u>

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

Current Fund

Year Ended December 31, 2017

<u>Liabilities and Reserves</u>	<u>Balance, Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2017</u>
<u>Liabilities:</u>				
Tax Overpayments	\$ 1,682.02	71,510.28	71,748.01	1,444.29
Accounts Payable	93,419.57	8,892.47	5,497.31	96,814.73
Prepaid Licenses, Fees & Permits, Other	109,655.70	30,512.93	29,145.70	111,022.93
Special Emergency Note	33,999.00	16,999.00	33,999.00	16,999.00
Redemption of Outside Liens		323,633.42	323,633.42	
Due to Bergen County Pilot	18,750.00	6,250.00		25,000.00
Due to State of New Jersey:				
Marriage/Civil Union Fees	625.00	2,975.00	2,900.00	700.00
Construction Code - Training Fees	4,335.00	32,379.00	31,256.00	5,458.00
<u>Reserves for:</u>				
Tax Appeals	740,124.29	100,000.00	405,346.40	434,777.89
Blood Screenings	2,588.00	3,813.00	3,580.00	2,821.00
Length of Service Award Program	30,590.56	112,659.00	105,193.39	38,056.17
Maintenance of Free Public Library		7,830.00	7,830.00	
	<u>\$ 1,035,769.14</u>	<u>717,454.10</u>	<u>1,020,129.23</u>	<u>733,094.01</u>
	A			A
Receipts	Ref.			
Disbursed	A-4	495,902.63	990,983.53	
Transfer from Current Year Appropriations	A-4			
Transfer from Appropriation Reserves	A-3	212,659.00		
Accounts Payable Cancelled	A-17	8,892.47		
Applied to Current Year Revenue	A-1		29,145.70	
	A-13			
		<u>717,454.10</u>	<u>1,020,129.23</u>	

Borough of Rutherford, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2017

Grant	Balance, Dec. 31, 2016	Transfer From 2017 Budget	Expended	Balance, Dec. 31, 2017
Local Grants:	\$			
BCB Bank - Police Equipment	237.44			237.44
Municipal Alliance on Alcoholism and Drug Abuse -2015/16 Local	2,488.00			2,488.00
Municipal Alliance on Alcoholism and Drug Abuse -2016/17 Local		2,920.00	2,412.00	508.00
Assistance to Firefighters Grant - Local Match	619.00			619.00
Donations - Police Equipment	3,100.00		3,100.00	
Donations - Police Equipment		5,938.23	2,918.00	3,020.23
Donations - Police Equipment		900.00		900.00
Bergen County Local Arts Grant		3,420.00	3,220.00	200.00
Bergen County History Grant for Special Projects - 2016	3.53			3.53
Bergen County History Grant for Special Projects - 2017		1,300.00	1,286.26	13.74
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		11,848.00	6,213.00
Bergen County Open Space Grant - Memorial Field Renovations	6,039.00		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	15,929.99		801.00	15,128.99
Labor Day Fair 2013	16,750.92			16,750.92
Labor Day Street Fair	2,550.00			2,550.00
County Forfeiture of Funds 2010	9,021.00			9,021.00
Bergen County Union Ave. Drainage Imp. Project	110,008.37			110,008.37
Bergen County ADA Cooperative	21,373.40			21,373.40
	<u>337,672.83</u>	<u>14,478.23</u>	<u>31,624.26</u>	<u>320,526.80</u>
Federal Grants:				
Drive Sober or Get Pulled Over	100.00			100.00
Assistance to Firefighters Grant - 2014	12,381.00			12,381.00
Bullet Proof Vest Fund	2,776.00			2,776.00
Bullet Proof Vest Fund - 2015	2,016.29			2,016.29
Bullet Proof Vest Fund - 2017		2,473.78		2,473.78
Safe Routes to School		368,000.00		368,000.00
Bergen County Community Development - Barrier Free Curbs Cuts	40,962.00			40,962.00
Bergen County Community Development - Vanderburgh Ave. Imp.	46,044.00			46,044.00
Bergen County Community Development - Sidewalk Rehabilitation	<u>104,279.29</u>	<u>115,500.00</u>	<u>115,500.00</u>	<u>474,753.07</u>
		<u>485,973.78</u>		
State Grants:				
Clean Communities Program - 2014	6,666.66		6,666.66	
Clean Communities Program - 2015	14,006.27		14,006.27	
Clean Communities Program - 2016	33,352.42		29,922.42	3,430.00
Clean Communities Program - 2017		31,483.31	12,005.64	19,477.67
Municipal Alliance on Alcoholism and Drug Abuse -2014/15	3,888.50			3,888.50

Borough of Rutherford, N.J.
 Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2017

	Balance, Dec. 31, 2016	Transfer From 2017 Budget	Balance, Dec. 31, 2017	Expended	Balance, Dec. 31, 2017
<u>Grant</u>					
Municipal Alliance on Alcoholism and Drug Abuse -2015/16	9,949.00	11,677.00	9,949.00	9,649.00	9,949.00
Municipal Alliance on Alcoholism and Drug Abuse -2016/17	150,000.00		150,000.00	61,232.20	2,028.00
NJDEP - Community Forestry Management Plan	40,000.00		40,000.00	40,000.00	88,767.80
NJDEP - Electric Vehicle Workplace Charging Grant	5,168.66		5,168.66	975.00	4,193.66
2015- Recreation Opportunities for Individuals w/Disabilities	1,314.74		1,314.74		1,314.74
2014- Recreation Opportunities for Individuals w/Disabilities	11,940.94		11,940.94	6,089.35	5,851.59
2013- Recreation Opportunities for Individuals w/Disabilities	24,924.00		24,924.00	24,924.00	
Recycling Tonnage Grant - 2015					
Recycling Tonnage Grant - 2017		21,667.84			21,667.84
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2009	172.00		172.00		172.00
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2011	541.25		541.25		541.25
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2014	2,160.26		2,160.26		2,160.26
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2015	3,867.77		3,867.77	2,655.00	1,212.77
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2016	3,627.75		3,627.75		3,627.75
N.J. Div. Of Criminal Justice - Body Armor Replacement Fund 2017		3,713.80			3,713.80
Body Armor Replacement Fund	170.82		170.82		170.82
Alcohol Education and Rehab. Fund - 2010	754.00		754.00		754.00
Alcohol Education and Rehab. Fund - 2011	862.96		862.96		862.96
Alcohol Education and Rehab. Fund - 2012	593.59		593.59		593.59
Alcohol Education and Rehab. Fund - 2013	580.52		580.52		580.52
Alcohol Education and Rehab. Fund - 2014	827.12		827.12		827.12
Alcohol Education and Rehab. Fund - 2015	707.20		707.20		707.20
Alcohol Education and Rehab. Fund - 2016	1,631.65		1,631.65		1,631.65
Alcohol Education and Rehab. Fund - 2017		2,187.56			2,187.56
N.J. Department of Transportation: Mortimer	4,384.16		4,384.16		4,384.16
2015 Municipal Aid	149,000.00		149,000.00	114,663.72	34,336.28
2017 Municipal Aid				165,627.00	
	<u>471,092.24</u>	<u>236,356.51</u>	<u>471,092.24</u>	<u>488,416.26</u>	<u>219,032.49</u>
	\$ 913,044.36	736,808.52	\$ 913,044.36	635,540.52	1,014,312.36
	A		A		A
Matching Funds for Grants	Ref.	2,920.00	Ref.		
Transfer from Budget Appropriations	A-3	733,888.52	A-3	635,540.52	
Disbursement	A-5		A-5		
		<u>736,808.52</u>		<u>635,540.52</u>	

Borough of Rutherford , N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	<u>Balance, Dec. 31, 2016</u>	<u>Transfer To 2017 Budget</u>	<u>Received</u>	<u>Balance, Dec. 31, 2017</u>
Local Grants:				
Police Donations - Helmets/Equipment	5,938.23	5,938.23		
Bergen County Forfeited Funds	0.77			0.77
Winter Festival	100.00			100.00
	<u>6,039.00</u>	<u>5,938.23</u>		<u>100.77</u>
Federal Grants:				
CDBG - Williams Center Improvements	1,828.00			1,828.00
CDBG - Sidewalk Rehabilitation			11,438.48	11,438.48
	<u>1,828.00</u>		<u>11,438.48</u>	<u>13,266.48</u>
State Grants:				
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
NJ Body Armor Grant	0.13			0.13
	<u>4.06</u>			<u>4.06</u>
	<u>\$ 7,871.06</u>	<u>5,938.23</u>	<u>11,438.48</u>	<u>13,371.31</u>
	A	A-16	A-5	A

Schedule of Interfund - General Trust Fund

Federal and State Grant Fund

Year Ended December 31, 2017

		<u>Ref.</u>	
Increased by:			
Receipts		A-5	<u>280,975.10</u>
Balance - December 31, 2017	Due to	A	<u>\$ 280,975.10</u>

Borough of Rutherford, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2017

Ref.	Dog License Fund	Other Trust Fund	Unemployment Compensation Fund	Payroll Agency	Special Assessment Fund	COAH Trust Fund	Emergency Services Volunteer LOSAP
Balance - December 31, 2016	\$	1,436,258.26	69,314.57	91,371.47	45,701.19	369,556.04	2,079,366.08
Increase by Receipts:							
B-5	3,909.00						
B-6	1,050.00						
B-2	5.67	294,030.09					
B-7		1,203,253.25					
B-8		195,741.74					
B-9			15,051.16				
B-11				7,142,147.55			
B-12				7,098,111.38	23,062.94		
B-4					586.45	43,495.86	
B-14							105,193.39
B-15							340,509.49
B-5	4,964.67	1,693,025.08	15,051.16	14,240,258.93	23,649.39	43,495.86	445,702.88
B-16	4,964.67	3,129,283.34	84,365.73	14,331,630.40	69,350.58	413,051.90	2,525,068.96
Total Receipts							
Decreased by Disbursements:							
B-2	5.67	291,302.17					
B-2							
B-5	3,909.00						
B-6	1,050.00						
B-7		953,095.56					
B-8		50,570.90					
B-10			10,723.77				
B-11				7,141,625.78	170.00		
B-12				7,098,111.38	2,956.33		
B-13							77,137.16
B-14							77,137.16
B-16	4,964.67	1,294,968.63	10,723.77	14,239,737.16	3,126.33		
Balance - December 31, 2017	\$	1,834,314.71	73,641.96	91,893.24	66,224.25	413,051.90	2,447,931.80

Borough of Rutherford, N.J.

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2017

	Due to/(from) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2017</u>
Interfund - Current Fund: Dog License Fund	\$	5.67	5.67	
Other Trust	291,302.17	294,030.09	291,302.17	294,030.09
	<u>\$ 291,302.17</u>	<u>294,035.76</u>	<u>291,307.84</u>	<u>294,030.09</u>
	B	B-1	B-1	B

Borough of Rutherford, N.J.

Schedule of Due From Rutherford Downtown Partnership

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ <u>23,062.94</u>
Decreased by:		
Receipts	B-1	<u>23,062.94</u>

Borough of Rutherford, N.J.

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

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 32,700.00
Increased by:		
Borough Contributions	B-16	<u>72,493.39</u> 105,193.39
Decreased by:		
Receipts	B-1	<u>105,193.39</u>
Balance - December 31, 2017	B	<u><u>\$ 0.00</u></u>

Exhibit B-5

Borough of Rutherford, N.J.
Reserve for Dog License Fund Expenditures
Trust Funds
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$
Increased by:		
Dog License Fees		3,885.00
Replacement Tags		24.00
	B-1	<u>3,909.00</u>
		<u>3,909.00</u>
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>3,909.00</u>
Balance - December 31, 2017	B	\$ <u><u> </u></u>

License Fees Collected

<u>Year</u>	
2016	3,627.00
2015	3,829.40
	<u>7,456.40</u>

Exhibit B-6

Schedule of Due to State Department of Health
Trust Funds
Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	\$ <u>1,050.00</u>
Decreased by:		
Paid to State	B-1	\$ <u>1,050.00</u>

Borough of Rutherford, N.J.
Schedule of Other Trust Funds
Trust Funds
Year Ended December 31, 2017

	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Recreation Commission Dedicated Revenue	\$ 311,434.19	429,778.03	429,227.43	311,984.79
Recycling Trust Program	1,735.03	280.00		2,015.03
Parking Offense Adjudication Fund	17,282.02	4,662.00	448.00	21,496.02
Fire Safety Penalties	19,619.23	18,250.00	1,313.94	36,555.29
Premiums Received at Tax Sale	559,300.00	613,600.00	384,100.00	788,800.00
Field House Security Deposit	425.00			425.00
Municipal Alliance Against Drugs	2,197.26		28.96	2,168.30
Police Forfeited Funds	2,417.57	1,979.32	1,973.01	2,423.88
Flexible Spending Account	1,226.07	9,384.47	9,888.10	722.44
Outside Police Duty Escrow	52,700.00	105,350.00	99,925.00	58,125.00
Multicultural Account	4,257.71	13,577.98	13,973.22	3,862.47
Donations	21,721.08	6,391.45	12,217.90	15,894.63
	<u>\$ 994,315.16</u>	<u>1,203,253.25</u>	<u>953,095.56</u>	<u>1,244,472.85</u>
	B	B-1	B-1	B

Schedule of Builders/Special Escrow Deposits
Trust Funds
Year Ended December 31, 2017

	Ref.	
Balance - December 31, 2016	B	\$ 150,640.93
Increased by:		
Escrow Deposits	B-1	195,741.74
		<u>346,382.67</u>
Decreased by:		
Disbursements	B-1	50,570.90
		<u>50,570.90</u>
Balance - December 31, 2017	B	<u>\$ 295,811.77</u>

Borough of Rutherford, N.J.
Schedule of Reserve for Unemployment Insurance
Trust Funds
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 66,468.41
Increased by:		
Employee Contributions		14,371.26
Interest		<u>679.90</u>
	B-1	<u>15,051.16</u>
		81,519.57
Decreased by:		
Due to State of New Jersey	B-10	<u>8,021.22</u>
Balance - December 31, 2017	B	\$ <u><u>73,498.35</u></u>

Schedule of Due to State of New Jersey
Trust Funds
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 2,846.16
Increased by:		
Unemployment Charges	B-9	<u>8,021.22</u>
		10,867.38
Decreased by:		
Disbursed	B-1	<u>10,723.77</u>
Balance - December 31, 2017	B	\$ <u><u>143.61</u></u>

Borough of Rutherford, N.J.
Schedule of Payroll Deductions Payable
Trust Funds
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 91,371.47
Increased by:		
Receipts	B-1	<u>7,142,147.55</u>
		<u>7,233,519.02</u>
Decreased by:		
Disbursed	B-1	<u>7,141,625.78</u>
Balance - December 31, 2017	B	<u>\$ 91,893.24</u>
<u>Analysis of Balance - December 31, 2017</u>		
Public Employees Retirement System		41,680.78
Contributory Insurance		2,428.61
Police and Fire Retirement System		44,875.26
Boston Mutual		510.78
AFLAC		<u>2,397.81</u>
		<u>91,893.24</u>

Schedule of Net Payroll
Trust Funds
Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by :		
Receipts	B-1	<u>\$ 7,098,111.38</u>
Decreased by :		
Disbursements	B-1	<u>\$ 7,098,111.38</u>

Exhibit B-13

Borough of Rutherford, N.J.
Schedule of Reserve for Downtown Rutherford Bucks
Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 2,155.00
Decreased by:		
Disbursements	B-1	<u>170.00</u>
Balance - December 31, 2017	B	<u>\$ 1,985.00</u>

Exhibit B-14

Schedule of Reserve for Downtown Improvement Projects
Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 66,609.13
Increased by:		
Receipts	B-1	<u>586.45</u>
		<u>586.45</u>
		67,195.58
Decreased by:		
Disbursed	B-1	<u>2,956.33</u>
Balance - December 31, 2017	B	<u>\$ 64,239.25</u>

Exhibit B-15

Schedule of Reserve for Council on Affordable Housing
Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 369,556.04
Increased by:		
Developer's COAH Fee	B-1	40,000.00
Interest Earned	B-1	<u>3,495.86</u>
Balance - December 31, 2017	B	<u>\$ 413,051.90</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, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	B		\$ 2,112,066.08
Increased by:			
Borough Contributions	B-5	72,493.39	
Interest Earned	B-1	7,175.73	
Gain/(Loss)	B-1	<u>333,333.76</u>	
			<u>413,002.88</u>
			2,525,068.96
Decreased by:			
Withdrawals	B-1	<u>77,137.16</u>	
			<u>77,137.16</u>
Balance - December 31, 2017	B		<u><u>\$ 2,447,931.80</u></u>

Borough of Rutherford , N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ <u>3,748,072.84</u>
Increased by Receipts:		
Various Receivables	C-4	105,648.00
Deferred Charges to Future Taxation		
- Unfunded	C-7	316,944.00
Capital Improvement Fund	C-12	1,450,000.00
Bond Anticipation Notes	C-9	9,471,001.00
		<u>11,343,593.00</u>
		<u>15,091,665.84</u>
Decreased by Disbursements:		
Bond Anticipation Notes	C-9	7,066,001.00
Improvement Authorizations	C-10	1,657,259.79
Encumbrances Payable	C-11	1,399,052.21
Reserve for Building Improvements	C-13	14,138.25
		<u>10,136,451.25</u>
Balance - December 31, 2017	C	\$ <u><u>4,955,214.59</u></u>

Borough of Rutherford , N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2017

Fund Balance	<u>Ref.</u>	
Various Receivables	C-1	\$ 149,213.76
Reserve for Encumbrances	C-4	(194,000.00)
Capital Improvement Fund	C-12	1,608,657.15
Reserve for Building Improvements	C-12	16,266.83
Reserve For Debt Service	C-13	685,861.75
	C-14	239,471.45

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
3206-10	Kids Spot	33,981.77
3215-10	Various Capital Improvements	33,806.51
3235-11	General Capital Improvements	13,390.31
3245-11	BCIA WWI Monument Improvements	1,677.47
3260-12	General Capital Improvements	144,680.86
3292-13	General Capital Improvements	(9,616.41)
3312-13	Mem. Field & Lincoln Woods Improvements	(91,959.20)
3337-14	General Capital Improvements	97,866.81
3368-15	General Capital Improvements	277,402.14
3369-15	General Capital Improvements	394,391.00
3394-16	General Capital Improvements	563,072.75
3395-16	General Capital Improvements	243,180.39
3425-17	General Capital Improvements	523,543.06
3426-17	General Capital Improvements	224,326.19
		<u>C \$ 4,955,214.59</u>

Borough of Rutherford , N.J.
Schedule of Various Receivables
General Capital Fund
Year Ended December 31, 2017

	<u>Balance,</u> <u>Dec. 31, 2016</u>	<u>Grants</u> <u>Approved</u>	<u>Cash</u> <u>Received</u>	<u>Balance,</u> <u>Dec. 31, 2017</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>105,648.00</u>	<u>194,000.00</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, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 5,571,002.75
Increased by:		
Green Trust Loan Issued	C-8	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; margin-right: 10px;">316,944.00</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		5,887,946.75
Decreased by:		
Budget Appropriations to Pay Bonds	C-7	1,350,000.00
Budget Appropriations to Pay Green Trust Loan	C-8	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; margin-right: 10px;">15,444.84</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; margin-right: 10px;">1,365,444.84</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance - December 31, 2017	C	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; margin-right: 10px;">\$ 4,522,501.91</div> <div style="border-top: 3px double black; width: 50px;"></div> </div>

Borough of Rutherford, N.J.
 Schedule of Deferred Charges to Future Taxation - Unfunded
 General Capital Fund
 Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance, Dec. 31, 2016	2017 Authorizations	Authorizations Funded	Balance, Dec. 31, 2017	Analysis of Balance - Dec. 31, 2017		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
<u>General improvements:</u>								
3108-06	Improvements To Wall Field	\$ 138,375.00		138,375.00	700,000.00			
3235-11	General Capital Improvements	1,050,000.00		350,000.00				
3259-12	Wall Field Improvements	178,569.00		178,569.00				
3260-12	General Capital Improvements	1,184,000.00		145,000.00	1,039,000.00			132,000.00
3280-13	Acquisition of Fire Truck	672,500.00		30,000.00	642,500.00			
3292-13	General Capital Improvements	990,000.00		40,000.00	950,000.00		9,616.41	35,382.59
3304-13	Automation of Sanitation System	1,370,000.00		95,000.00	1,275,000.00			
3312-13	Mem. Field & Lincoln Woods Improvements	256,000.00		40,000.00	256,000.00		91,959.20	164,040.80
3332-14	Installation of New Windows	256,500.00		40,000.00	216,500.00			
3337-14	General Capital Improvements	1,026,000.00		100,000.00	926,000.00			126,000.00
3369-15	General Capital Improvements	1,580,900.00			1,580,900.00			80,900.00
3395-16	General Capital Improvements	1,398,274.00			1,398,274.00			73,274.00
3426-17	General Capital Improvements		1,330,000.00		1,330,000.00			130,000.00
		<u>\$ 10,101,118.00</u>	<u>1,330,000.00</u>	<u>1,116,944.00</u>	<u>10,314,174.00</u>	<u>9,471,001.00</u>	<u>101,575.61</u>	<u>741,597.39</u>
		C	C-10	C				
	Notes Paid by Budget Appropriation Funded by Loan Receipts	Ref. C-9 C-2/C-8		800,000.00 316,944.00 <u>1,116,944.00</u>				
	Improvement Authorizations - Unfunded							1,859,432.95
	Less: Unexpended Proceeds of Bond Anticipation Notes							13,390.31 144,680.86 97,866.81 394,391.00 243,180.39 224,326.19 <u>1,117,835.56</u>
								<u>741,597.39</u>

Borough of Rutherford, N.J.
 Schedule of Bond Anticipation Notes Payable

General Capital Fund
 Year Ended December 31, 2017

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2016	Increased	Decreased	Balance, Dec. 31, 2017
3235-11	General Capital Improvements	1,350,000.00	12/14/11	12/01/17	11/30/18	1.35%	775,000.00	450,000.00	775,000.00	450,000.00
3235-11	General Capital Improvements	350,000.00	12/13/12	12/01/17	11/30/18	1.35%	275,000.00	250,000.00	275,000.00	250,000.00
3260-12	General Capital Improvements	1,525,000.00	12/13/12	12/01/17	11/30/18	1.35%	967,000.00	837,000.00	967,000.00	837,000.00
3260-12	General Capital Improvements	100,000.00	12/11/13	12/01/17	11/30/18	1.35%	85,000.00	70,000.00	85,000.00	70,000.00
3280-13	Acquisition of Fire Truck	702,000.00	12/11/13	12/01/17	11/30/18	1.35%	662,000.00	632,000.00	662,000.00	632,000.00
3292-13	General Capital Improvements	938,000.00	12/11/13	12/01/17	11/30/18	1.35%	883,000.00	853,000.00	883,000.00	853,000.00
3304-13	Automation of Sanitation System	400,000.00	12/11/13	12/01/17	11/30/18	1.35%	345,000.00	300,000.00	345,000.00	300,000.00
3292-13	General Capital Improvements	62,001.00	12/09/14	12/01/17	11/30/18	1.35%	62,001.00	52,001.00	62,001.00	52,001.00
3304-13	Automation of Sanitation System	425,000.00	12/09/14	12/01/17	11/30/18	1.35%	425,000.00	375,000.00	425,000.00	375,000.00
3332-14	Installation of Windows	250,000.00	12/09/14	12/01/17	11/30/18	1.35%	250,000.00	210,000.00	250,000.00	210,000.00
3337-14	General Capital Improvements	800,000.00	12/09/14	12/01/17	11/30/18	1.35%	800,000.00	700,000.00	800,000.00	700,000.00
3304-13	Automation of Sanitation System	498,500.00	12/07/15	12/01/17	11/30/18	1.35%	498,500.00	498,500.00	498,500.00	498,500.00
3332-14	Installation of Windows	6,500.00	12/07/15	12/01/17	11/30/18	1.35%	6,500.00	6,500.00	6,500.00	6,500.00
3337-14	General Capital Improvements	100,000.00	12/07/15	12/01/17	11/30/18	1.35%	100,000.00	100,000.00	100,000.00	100,000.00
3369-15	General Capital Improvements	900,000.00	12/07/15	12/01/17	11/30/18	1.35%	900,000.00	900,000.00	900,000.00	900,000.00
3280-13	Acquisition of Fire Truck	5,500.00	12/05/16	12/01/17	11/30/18	1.35%	5,500.00	5,500.00	5,500.00	5,500.00
3304-13	Automation of Sanitation System	101,500.00	12/05/16	12/01/17	11/30/18	1.35%	101,500.00	101,500.00	101,500.00	101,500.00
3369-15	General Capital Improvements	100,000.00	12/05/16	12/01/17	11/30/18	1.35%	100,000.00	100,000.00	100,000.00	100,000.00
3395-16	General Capital Improvements	625,000.00	12/05/16	12/01/17	11/30/18	1.35%	625,000.00	625,000.00	625,000.00	625,000.00
3280-13	Acquisition of Fire Truck	5,000.00	12/01/17	12/01/17	11/30/18	1.35%	5,000.00	5,000.00	5,000.00	5,000.00
3369-15	General Capital Improvements	500,000.00	12/01/17	12/01/17	11/30/18	1.35%	500,000.00	500,000.00	500,000.00	500,000.00
3395-16	General Capital Improvements	700,000.00	12/01/17	12/01/17	11/30/18	1.35%	700,000.00	700,000.00	700,000.00	700,000.00
3426-17	General Capital Improvements	1,200,000.00	12/01/17	12/01/17	11/30/18	1.35%	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00
							\$ 7,866,001.00	9,471,001.00	7,866,001.00	9,471,001.00

Ref.	Renewals Paid by Budget Appropriation Issued	Balance, Dec. 31, 2016	Increased	Decreased	Balance, Dec. 31, 2017
C-2		7,066,001.00	7,066,001.00	7,066,001.00	7,066,001.00
C-6			2,405,000.00	800,000.00	800,000.00
C-2/C-14			9,471,001.00	7,866,001.00	7,866,001.00

Borough of Rutherford, N.J.
 Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2016		2017 Authorizations	Paid or Charged	Cancelled	Balance, Dec. 31, 2017	
				Funded	Unfunded				Funded	Unfunded
3168-08	General Improvements:									
3208-10	General Capital Improvements	10-25-08	932,072.00	68,757.70			4,906.33	63,851.37	33,981.77	
	Union Avenue Sewer Relining, Borough	9-24-10	62,500.00	2,015.00			(2,600.00)	2,015.00	33,806.51	
	Half ADA Imp. & Roof Repairs Kip Center	7-27-10	60,000.00	31,381.77			(8,171.21)			
3206-10	Kids Spot	12-28-10	348,941.00	25,635.30			80,185.30			13,390.31
3215-10	Various Capital Improvements	9-27-11	1,790,000.00	1,677.47	93,575.61				1,677.47	
3235-11	General Capital Improvements	12-27-11	40,000.00				75,131.62			276,680.86
3245-11	BCIA WWI Monument Improvements	6-26-12	1,850,000.00		351,812.48		5,719.47			
3260-12	General Capital Improvements	2-12-13	750,000.00		5,719.47		61,752.49			
3280-13	Acquisition of Fire Truck	5-23-13	1,100,000.00		97,135.08		71,697.98			35,382.59
3292-13	General Capital Improvements	9-24-13	450,000.00		164,040.80		63,395.01			164,040.80
3312-13	Mem. Field & Lincoln Woods Improvements	8-26-14	1,080,000.00		295,564.79		241,569.44			223,866.81
3337-14	General Capital Improvements	5-26-15	661,500.00	340,797.15	716,860.44		71,697.98		277,402.14	475,291.00
3368-15	General Capital Improvements	5-26-15	1,664,100.00				64,695.21		563,072.75	
3369-15	General Capital Improvements	5-09-16	1,001,407.00	627,767.96			685,945.84			316,454.39
3394-16	General Capital Improvements	5-09-16	1,471,867.00		1,002,400.23		856,456.94		523,543.06	
3395-16	General Capital Improvements	5-22-17	1,380,000.00			1,380,000.00				
3425-17	General Capital Improvements	5-22-17	1,400,000.00			1,400,000.00				
3426-17	General Capital Improvements						1,045,673.81			354,326.19
				\$ 1,098,032.35	2,727,108.90	2,780,000.00	3,246,358.23	65,866.37	1,433,483.70	1,859,432.95
				C	C				C	C
Transfer to Encumbrances Payable		Ref.								
Disbursed		C-11					1,589,098.44			
Fund Balance		C-2					1,657,259.79			
Capital Improvement Fund		C-1						65,866.37		
Deferred Charges to Future Taxation - Unfunded		C-12								
		C-6/C-14								
							1,450,000.00			
							1,330,000.00			
							2,780,000.00			
							3,246,358.23			
								65,866.37		

Exhibit C-11

Borough of Rutherford, N.J.
 Schedule of Encumbrances Payable
 General Capital Fund
 Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 1,418,610.92
Increased by:		
Transferred from Improvement Authorizations	C-11	<u>1,589,098.44</u>
		3,007,709.36
Decreased by:		
Disbursed	C-2	<u>1,399,052.21</u>
Balance - December 31, 2017	C/C-3	<u>\$ 1,608,657.15</u>

Exhibit C-12

Schedule of Capital Improvement Fund
 General Capital Fund
 Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 16,266.83
Increased by:		
Budget Appropriation	C-2	<u>1,450,000.00</u>
		1,466,266.83
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-11	<u>1,450,000.00</u>
Balance - December 31, 2017	C/C-3	<u>\$ 16,266.83</u>

Exhibit C-13

Schedule of Improvements to Borough Hall & Police Headquarters
 General Capital Fund
 Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 700,000.00
Decreased by:		
Expended	C-2	<u>14,138.25</u>
Balance - December 31, 2017	C/C-3	<u>\$ 685,861.75</u>

Exhibit C-14

Schedule of Reserve for Debt Service
 General Capital Fund
 Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	<u>\$ 239,471.45</u>
Balance - December 31, 2017	C/C-3	<u>\$ 239,471.45</u>

Borough of Rutherford, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Notes Issued</u>	<u>Funded by Loan Issued</u>	<u>Balance, Dec. 31, 2017</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	5,000.00		5,000.00		
3292-13	General Capital Improvements	44,999.00				44,999.00
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	580,900.00		500,000.00		80,900.00
3395-16	General Capital Improvements	773,274.00		700,000.00		73,274.00
3426-17	General Capital Improvements		1,330,000.00	1,200,000.00		130,000.00
		<u>\$ 2,235,117.00</u>	<u>1,330,000.00</u>	<u>2,405,000.00</u>	<u>316,944.00</u>	<u>843,173.00</u>
		Footnote C	C-10	C-9	C-6/C-8	Footnote C

Borough of Rutherford, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2017

	Ref.	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Balance - December 31, 2016	E	\$ <u>57,728.95</u>	<u>10,754.19</u>	<u>46,974.76</u>
Increased by Receipts:				
State Aid		93,500.00		93,500.00
Other Receipts		17,591.00	5,285.00	12,306.00
Interfund Transfer		791.90	115.92	675.98
SSI Reimbursement		33,546.50		33,546.50
		<u>145,429.40</u>	<u>5,400.92</u>	<u>140,028.48</u>
		<u>203,158.35</u>	<u>16,155.11</u>	<u>187,003.24</u>
Decreased by Disbursements:				
Public Assistance -2017		110,602.00		110,602.00
Other - Ineligible		1,300.00	1,300.00	
Interfund Transfer		791.90	115.92	675.98
		<u>112,693.90</u>	<u>1,415.92</u>	<u>111,277.98</u>
Balance - December 31, 2017	E	\$ <u><u>90,464.45</u></u>	<u><u>14,739.19</u></u>	<u><u>75,725.26</u></u>

Borough of Rutherford, N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2017	E-1	\$	90,464.45
Increased by:			
Cash Receipts Record			<u>73,152.63</u>
			163,617.08
Decreased by:			
Cash Disbursements Record			<u>36,350.52</u>
Balance - May 31, 2018		\$	<u><u>127,266.56</u></u>

	<u>P.A.T.F.</u> <u>ACCOUNT #1</u>	<u>P.A.T.F.</u> <u>ACCOUNT #2</u>	<u>TOTAL</u>
<u>Reconciliation - May 31, 2018</u>			
Balance on Deposit per Statement of: BCB Community Bank	13,501.39	113,765.17	127,266.56
Add: Due from Bank Charges			
Less: Outstanding Checks			
Balance - May 31, 2018	<u><u>13,501.39</u></u>	<u><u>113,765.17</u></u>	<u><u>127,266.56</u></u>

Borough of Rutherford, N.J.
Schedule of Cash and Reconciliation
Public Assistance Fund
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	E-1	\$ 57,728.95
Increased by Receipts:		
Cash Receipts Record		<u>145,429.40</u>
		203,158.35
Decreased by Disbursements:		
Public Assistance -2017		110,602.00
Interfund Transfer		791.90
SSI		<u>0.00</u>
		<u>112,693.90</u>
Balance - December 31, 2017		<u>\$ 90,464.45</u>

<u>Reconciliation - December 31, 2017</u>	P.A.T.F. ACCOUNT #1	P.A.T.F. I ACCOUNT #2	TOTAL
Balance on Deposit per Statement of: BCB Community Bank	<u>14,765.26</u>	<u>76,895.55</u>	<u>91,660.81</u>
	14,765.26	76,895.55	91,660.81
Add: Deposits in Transit			0.00
Less: Outstanding Checks	<u>(26.07)</u>	<u>(1,170.29)</u>	<u>(1,196.36)</u>
Balance, December 31, 2017	<u>14,739.19</u>	<u>75,725.26</u>	<u>90,464.45</u>

Borough of Rutherford, N.J.

Schedule of Revenues - Cash Basis

Public Assistance Fund

Year Ended December 31, 2017

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 93,500.00		93,500.00
Less: Refunds to the State			
Net State Aid Payments	<u>93,500.00</u>		<u>93,500.00</u>
Client Reimbursement:			
State / Municipal Refund	12,306.00		12,306.00
Client Refund			
Donations/Miscellaneous	5,285.00	5,285.00	
Supplemental Security Income:			
State / Municipal Refund	33,546.50		33,546.50
Client Refund			
Total Revenues (P.A.T.F.)	<u>144,637.50</u>	<u>5,285.00</u>	<u>139,352.50</u>
Interfund Transfer	<u>791.90</u>	<u>115.92</u>	<u>675.98</u>
Total Receipts	<u>\$ 145,429.40</u>	<u>5,400.92</u>	<u>140,028.48</u>

Exhibit E-5

Schedule of Expenditures - Cash Basis

Public Assistance Fund

Year Ended December 31, 2017

	<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	\$ 40,999.00		40,999.00
Other:			
Temporary Rental Assistance	64,638.00		64,638.00
Transportation	76.00		76.00
Work Related Expenses	20.00		20.00
Rent	3,210.00		3,210.00
Security	1,000.00		1,000.00
Utilities	659.00		659.00
Total Payments Reported	<u>110,602.00</u>		<u>110,602.00</u>
Add: Other			
	<u>110,602.00</u>		<u>110,602.00</u>
Public Assistance/Donations	1,300.00	1,300.00	
Client Reimbursement:			
Reimbursement to Clients			
Interfund Transfer	791.90	115.92	675.98
	<u>2,091.90</u>	<u>1,415.92</u>	<u>675.98</u>
Total Disbursements (P.A.T.F.)	<u>\$ 112,693.90</u>	<u>1,415.92</u>	<u>111,277.98</u>

Exhibit E-6

Borough of Rutherford, N.J.

Schedule of Due to State of New Jersey

Public Assistance Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	E	\$ 46,974.76
Increased by Receipts:		
Revenues - Public Assistance II		<u>139,352.50</u>
	-	186,327.26
Decreased by Disbursements:		
Expenditures - Public Assistance II		<u>110,602.00</u>
Balance - December 31, 2017	E	<u>\$ 75,725.26</u>

Exhibit E-7

Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	E	\$ 10,754.19
Increased by Receipts:		
Miscellaneous Donation		<u>5,285.00</u>
		16,039.19
Decreased by Disbursements:		
Other Assistance		<u>1,300.00</u>
Balance - December 31, 2017	E	<u>\$ 14,739.19</u>

BOROUGH OF RUTHERFORD

PART II

LETTERS ON INTERNAL CONTROL AND ON

COMPLIANCE AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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, 2017 and the related notes to the financial statements, and have issued our report thereon dated June 18, 2018, 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. Wielkatz

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

Ferraioli, Wielkatz, Cerullo & Cava, P.A.

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



June 18, 2018

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:

Dump Truck with Snow Plow	Starcraft Bus
Demolition of 320 Ridge Road	Street Sweeper
Tryon Field Improvements	Wide Area Mower
Police Vehicles	Player Shelters

2017 Road Program
Tree Services
Phase 2 Road Improvement Project
Bucket Truck & Chipper

911 Replacement System
Electric Charging Station
Police Vehicle Equipment

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, 2017 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 31st.

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 18, 2017 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>
2017	7
2016	7
2015	7

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, 2017, 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

Other

1. In several instances, employee share of health insurance contributions were calculated incorrectly.

RECOMMENDATIONS

1. That procedures be implemented to ensure that employee share of medical contributions are calculated correctly.

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. Wielkatz

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

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