

BOROUGH OF RUTHERFORD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2021

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BOROUGH OF RUTHERFORD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2021



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
176 Park Avenue
Rutherford, New Jersey 07070

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Rutherford, as of December 31, 2021 and 2020, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2021, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Rutherford as of December 31, 2021 and 2020, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2021 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 section of our report, 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, 2021 and 2020, or changes in financial position for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Rutherford and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2021 and 2020. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 50 percent and 52 percent of the assets and liabilities of the Borough’s Trust Funds as of December 31, 2021 and 2020, respectively.

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 accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Rutherford’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Rutherford’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Rutherford's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Rutherford as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Rutherford. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

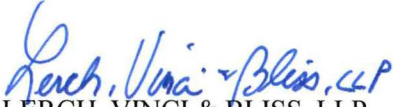
Other Information


Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Rutherford's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Rutherford's internal control over financial reporting and compliance.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
August 22, 2022

BOROUGH OF RUTHERFORD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|----------------------|----------------------|
| ASSETS | | | |
| Current Fund: | | | |
| Cash | A-4 | \$ 13,803,518 | \$ 13,325,416 |
| Change Fund | A | 770 | 770 |
| Due from State of NJ Senior Cit. and Vet. Ded. | A-6 | 215 | 1,025 |
| Advance/Security Deposit | A-7 | <u>683</u> | <u>723</u> |
| | | <u>13,805,186</u> | <u>13,327,934</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Taxes Receivable | A-8 | 553,966 | 613,653 |
| Tax Title Liens Receivable | A-9 | 64,880 | 63,052 |
| Property Acquired for Taxes - Assessed Valuation | A-10 | 7,025 | 7,025 |
| Revenue Accounts Receivable | A-11 | 20,914 | 15,180 |
| Due from Other Trust Fund | B-10 | 282,888 | 288,703 |
| Due from Grant Fund | A-22 | <u>-</u> | <u>451,920</u> |
| | | <u>929,673</u> | <u>1,439,533</u> |
| Total Current Fund | | <u>14,734,859</u> | <u>14,767,467</u> |
| Grant Fund: | | | |
| Cash | A-4 | 485,123 | |
| Grants Receivable | A-12 | <u>2,270,986</u> | <u>1,990,613</u> |
| | | <u>2,756,109</u> | <u>1,990,613</u> |
| Total Assets | | <u>\$ 17,490,968</u> | <u>\$ 16,758,080</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Current Fund: | | | |
| Appropriation Reserves | A-3/A-13 | \$ 2,001,192 | \$ 2,479,207 |
| Encumbrances Payable | A-14 | 610,612 | 644,976 |
| Prepaid Taxes | A-15 | 469,225 | 453,713 |
| County Taxes Payable | A-17 | 16,897 | 12,157 |
| Miscellaneous Reserves/Payables | A-18 | <u>1,299,047</u> | <u>1,612,848</u> |
| | | 4,396,973 | 5,202,901 |
| Reserve for Receivables | A | 929,673 | 1,439,533 |
| Fund Balance | A-1 | <u>9,408,213</u> | <u>8,125,033</u> |
| Total Current Fund | | <u>14,734,859</u> | <u>14,767,467</u> |
| Grant Fund: | | | |
| Appropriated Grant Reserves | A-19 | 1,794,073 | 1,537,868 |
| Unappropriated Grant Reserves | A-20 | 962,036 | 825 |
| Due to Current Fund | A-21 | <u>-</u> | <u>451,920</u> |
| Total Federal and State Grant Fund | | <u>2,756,109</u> | <u>1,990,613</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 17,490,968</u> | <u>\$ 16,758,080</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RUTHERFORD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| REVENUES AND OTHER INCOME REALIZED | | |
| Fund Balance Utilized | \$ 2,750,000 | \$ 2,850,000 |
| Miscellaneous Revenue Anticipated | 5,394,542 | 4,929,697 |
| Receipts from Delinquent Taxes | 614,073 | 496,977 |
| Receipts from Current Taxes | 79,294,927 | 76,919,186 |
| Non-Budget Revenue | 653,166 | 1,368,052 |
| Other Credits to Income | | |
| Unexpended Balance of Appropriation Reserves | 1,772,406 | 1,386,634 |
| Cancelled Appropriated Grant Reserves | | 38,529 |
| Cancelled Unappropriated Grant Reserves | | 1,933 |
| Cancelled Accounts Payable | | 1,748 |
| Interfunds Returned | 457,735 | - |
| | <u>90,936,849</u> | <u>87,992,756</u> |
| EXPENDITURES | | |
| Budget and Emergency Appropriations | | |
| Operations | | |
| Salaries and Wages | 12,684,300 | 11,892,300 |
| Other Expenses | 13,703,453 | 13,734,169 |
| Capital Improvements | 270,000 | 1,025,000 |
| Municipal Debt Service | 2,386,333 | 2,175,629 |
| Deferred Charges and Statutory Expenditures - Municipal | 3,154,637 | 2,826,370 |
| Local District School Tax | 46,715,530 | 45,440,715 |
| County Taxes | 7,968,102 | 7,688,788 |
| Refund of Prior Year Revenues | 20,894 | 149 |
| Prior Year Senior Citizen/Veterans Deduction Disallowed | 420 | 425 |
| Interfunds Advanced | - | 188,971 |
| | <u>86,903,669</u> | <u>84,972,516</u> |
| Statutory Excess to Fund Balance | 4,033,180 | 3,020,240 |
| Fund Balance, January 1 | <u>8,125,033</u> | <u>7,954,793</u> |
| | 12,158,213 | 10,975,033 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | <u>2,750,000</u> | <u>2,850,000</u> |
| Fund Balance, December 31 | <u>\$ 9,408,213</u> | <u>\$ 8,125,033</u> |

BOROUGH OF RUTHERFORD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

| | Budget | Added by N.J.S.A. 40A:4-87 | Realized in 2021 | Excess or (Deficit) |
|---|----------------------|----------------------------------|----------------------|---------------------------|
| Surplus Anticipated | \$ 2,750,000 | - | \$ 2,750,000 | - |
| Miscellaneous Revenues: | | | | |
| Licenses | | | | |
| Alcoholic Beverages | 18,000 | | 18,356 | \$ 356 |
| Other | 3,200 | | 5,615 | 2,415 |
| Fees and Permits | | | | |
| Other | 70,000 | | 122,641 | 52,641 |
| Municipal Court | 381,000 | | 237,250 | (143,750) |
| Interest and Cost on Taxes | 145,000 | | 150,247 | 5,247 |
| Parking Meters | 211,000 | | 174,020 | (36,980) |
| Interest on Investments | 175,000 | | 190,652 | 15,652 |
| Parking Lot Permits | 145,000 | | 168,525 | 23,525 |
| Fire Safety Fees | 85,000 | | 79,942 | (5,058) |
| Energy Receipts Tax | 1,384,589 | | 1,384,589 | - |
| Uniform Construction Code Fees | 440,000 | | 822,490 | 382,490 |
| Special Items of General Revenue | | | | |
| Interlocal Municipal Service Agreements: | | | | |
| Gasoline and Diesel for Vehicles | 157,000 | | 240,984 | 83,984 |
| Public and Private Revenues: | | | | |
| N.J. Transportation Trust Fund Authority - FY2021 Municipal Aid Program | 180,587 | | 180,587 | |
| CDBG - Handicapped Accessibility Improvements at Borough Hall | 92,900 | | 92,900 | |
| Municipal Alliance on Alcoholism and Drug Abuse | 4,507 | | 4,507 | |
| Recycling Tonnage Grant | 20,805 | | 20,805 | |
| Bergen County Local Arts Program Grant | | \$ 2,210 | 2,210 | |
| Bergen County History Grant | | 725 | 725 | |
| Recreational Opportunities for Individuals with Disabilities | 20,000 | | 20,000 | |
| Body Armor Fund | 3,017 | | 3,017 | |
| Clean Communities Program | 32,269 | | 32,269 | |
| Donation - Police Equipment | 750 | | 750 | |
| Assistance to Firefighters Grant Program | | 238,095 | 238,095 | |
| Assistance to Firefighters Grant Program - COVID 19 Supplement | 4,783 | | 4,783 | |
| County of Bergen - Open Space Grant - Park Improvement Program | 15,018 | | 15,018 | |
| Body Worn Camera Grant | | 18,342 | 18,342 | |
| Other Special Items: | | | | |
| Uniform Fire Safety Act | 31,573 | | 25,951 | (5,622) |
| Lease of Borough Property | 183,000 | | 180,021 | (2,979) |
| Cable TV Franchise Fee | 221,858 | | 221,858 | - |
| Nursing Services Non-Public School Pupils | 34,170 | | 34,170 | - |
| PILOT - Rutherford Senior Housing Committee | 31,000 | | 22,447 | (8,553) |
| PILOT - Redevelopment | 160,000 | | 166,287 | 6,287 |
| Hotel Occupancy Fee | 240,000 | | 174,967 | (65,033) |
| Nereid Boat Club - Green Trust Loan Repayment | 21,988 | | 21,988 | - |
| Fees and Permits - Recycling Revenues | 7,000 | | 12,534 | 5,534 |
| Due from Free Public Library | 230,000 | | 230,000 | - |
| General Capital Surplus | 75,000 | - | 75,000 | - |
| Total Miscellaneous Revenues | <u>4,825,014</u> | <u>259,372</u> | <u>5,394,542</u> | <u>310,156</u> |
| Receipts from Delinquent Taxes | <u>550,000</u> | <u>-</u> | <u>614,073</u> | <u>64,073</u> |
| Amount to be Raised by Taxes for | | | | |
| Municipal Purposes | 23,981,072 | | 24,684,363 | 703,291 |
| Free Public Library | 1,051,932 | - | 1,051,932 | - |
| Total Amount to be Raised by Taxes | <u>25,033,004</u> | <u>-</u> | <u>25,736,295</u> | <u>703,291</u> |
| | <u>\$ 33,158,018</u> | <u>\$ 259,372</u> | <u>34,494,910</u> | <u>\$ 1,077,520</u> |
| Non-Budget Revenue | | | <u>653,166</u> | |
| | | | <u>\$ 35,148,076</u> | |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RUTHERFORD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

| | |
|--|----------------------|
| Analysis of Realized Revenues | |
| Revenue from Collections | \$ 79,294,927 |
| Allocated to School and County Taxes | <u>54,683,632</u> |
| Balance for Support of Municipal Budget Appropriations | 24,611,295 |
| Add: Appropriation - Reserve for Uncollected Taxes | <u>1,125,000</u> |
| Amount for Support of Municipal Budget Appropriations | <u>\$ 25,736,295</u> |
| Licenses - Other | |
| Clerk | \$ 2,815 |
| Building | <u>2,800</u> |
| | <u>\$ 5,615</u> |
| Fees and Permits - Other | |
| Borough Clerk | \$ 23,640 |
| Street & Sewer | 50,840 |
| Planning Board/Board of Adjustment | 9,350 |
| Clothing Bin Fee | 25 |
| Farmer Market Fees | 1,375 |
| Board of Health/Registrar of Vital Statistics | <u>37,411</u> |
| | <u>\$ 122,641</u> |
| Interest on Investments | |
| Cash Receipts | \$ 174,991 |
| Due from Grant Fund | 30 |
| Due from Other Trust Fund | 15,119 |
| Due from Public Assistance Fund | <u>512</u> |
| | <u>\$ 190,652</u> |
| BMED Dividend | \$ 376,419 |
| Municipal CARES Act Reimbursement | 11,158 |
| JIF Dividend | 46,547 |
| Prior Year Budget Refunds | 5,760 |
| Building Department - Penalty & Admin Fee | 40,275 |
| Police Vehicle Use Fee | 32,400 |
| FEMA Aid | 26,534 |
| Train Station Rent | 8,115 |
| Police Department Records | 6,712 |
| Public Auction Proceeds | 20,846 |
| Memorial Field Rent | 5,100 |
| NJSEA PILOT | 56,000 |
| Tax Office Fees | 3,218 |
| Senior Citizen and Veterans Deduction 2% Admin. Fee | 1,743 |
| Tax Sale Costs | 1,820 |
| Extra Garbage Carts | 2,300 |
| Car Charging Station Fees | 2,491 |
| Miscellaneous | <u>5,728</u> |
| | <u>\$ 653,166</u> |

BOROUGH OF RUTHERFORD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Expended</u> Paid or Charged | <u>Reserved</u> | <u>Unexpended Balances Cancelled</u> |
|-------------------------------------|---------------|--------------------------------------|---------------------------------------|-----------------|--|
| OPERATIONS - WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT FUNCTIONS | | | | | |
| General Administration | | | | | |
| Salaries and Wages | \$ 265,000 | \$ 265,000 | \$ 238,251 | \$ 26,749 | |
| Other Expenses | 129,000 | 129,000 | 118,648 | 10,352 | |
| Mayor and Council | | | | | |
| Salaries and Wages | 22,000 | 22,000 | 22,000 | | |
| Other Expenses | 6,000 | 9,000 | 7,841 | 1,159 | |
| Municipal Clerk | | | | | |
| Salaries and Wages | 237,000 | 237,000 | 235,721 | 1,279 | |
| Other Expenses | 97,100 | 97,100 | 89,219 | 7,881 | |
| Financial Administration | | | | | |
| Salaries and Wages | 280,000 | 280,000 | 270,931 | 9,069 | |
| Other Expenses | 29,250 | 29,250 | 20,370 | 8,880 | |
| Audit Services | | | | | |
| Other Expenses | 30,000 | 30,000 | | 30,000 | |
| Computerized Data Processing | | | | | |
| Other Expenses | 84,000 | 89,000 | 83,981 | 5,019 | |
| Collection of Taxes | | | | | |
| Salaries and Wages | 174,000 | 174,000 | 174,000 | | |
| Other Expenses | 14,900 | 14,900 | 7,664 | 7,236 | |
| Tax Assessment Administration | | | | | |
| Salaries and Wages | 42,000 | 46,000 | 44,818 | 1,182 | |
| Other Expenses | 46,950 | 46,950 | 15,856 | 31,094 | |
| Legal Services | | | | | |
| Other Expenses | 275,000 | 275,000 | 246,417 | 28,583 | |
| Engineering Services | | | | | |
| Other Expenses | 90,000 | 90,000 | 50,000 | 40,000 | |
| Other Expenses - Complete Streets | 5,000 | 5,000 | | 5,000 | |
| Municipal Land Use Law: | | | | | |
| Planning Board | | | | | |
| Salaries and Wages | 3,800 | 4,000 | 4,000 | | |
| Other Expenses | 16,400 | 16,400 | 11,752 | 4,648 | |
| Zoning Board of Adjustment | | | | | |
| Salaries and Wages | 3,800 | 4,000 | 4,000 | | |
| Other Expenses | 13,700 | 17,700 | 14,300 | 3,400 | |
| Property Management Enforcement | | | | | |
| Salaries and Wages | 135,000 | 135,000 | 120,002 | 14,998 | |
| Other Expenses | 500 | 500 | | 500 | |
| PUBLIC SAFETY FUNCTIONS | | | | | |
| Police Department | | | | | |
| Salaries and Wages | 6,610,000 | 6,585,000 | 6,302,826 | 282,174 | |
| Other Expenses | 213,079 | 213,079 | 181,697 | 31,382 | |
| Police Dispatch/911 | | | | | |
| Other Expenses | 20,394 | 20,394 | 20,394 | | |
| Emergency Management | | | | | |
| Salaries and Wages | 14,000 | 15,100 | 15,000 | 100 | |
| Other Expenses | 12,000 | 11,000 | 1,293 | 9,707 | |

BOROUGH OF RUTHERFORD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

| OPERATIONS - WITHIN "CAPS" (Continued) | | | <u>Expended</u> | | Unexpended |
|---|---------------|---------------------|-----------------|-----------------|------------------|
| PUBLIC SAFETY FUNCTIONS | <u>Budget</u> | <u>Budget After</u> | <u>Paid or</u> | <u>Reserved</u> | <u>Balances</u> |
| | | <u>Modification</u> | <u>Charged</u> | | <u>Cancelled</u> |
| Aid to Volunteer Ambulance Co. | | | | | |
| Other Expenses | \$ 13,500 | \$ 13,500 | \$ 11,365 | \$ 2,135 | |
| Fire Department | | | | | |
| Other Expenses | 455,850 | 455,850 | 414,582 | 41,268 | |
| Uniform Fire Safety Act | | | | | |
| Fire Official | | | | | |
| Salaries and Wages | 250,000 | 250,000 | 241,856 | 8,144 | |
| Other Expenses | 16,500 | 16,500 | 12,521 | 3,979 | |
| DPW-Stormwater Registration Permits | 4,050 | 4,050 | 4,050 | | |
| Municipal Prosecutor | | | | | |
| Salaries and Wages | 11,700 | 12,500 | 12,500 | | |
| Municipal Court | | | | | |
| Salaries and Wages | 221,500 | 225,500 | 223,464 | 2,036 | |
| Other Expenses | 13,350 | 11,350 | 5,212 | 6,138 | |
| Public Defender | | | | | |
| Salaries and Wages | 6,500 | 6,700 | 6,677 | 23 | |
| PUBLIC WORKS FUNCTIONS | | | | | |
| Streets and Roads Maintenance | | | | | |
| Salaries and Wages | 1,493,500 | 1,433,500 | 1,306,758 | 126,742 | |
| Other Expenses | 232,250 | 232,250 | 224,794 | 7,456 | |
| Sewer System Maintenance | | | | | |
| Salaries and Wages | 5,000 | 15,000 | 5,754 | 9,246 | |
| Other Expenses | 62,000 | 112,000 | 94,380 | 17,620 | |
| Shade Tree | | | | | |
| Salaries and Wages | 477,000 | 477,000 | 399,197 | 77,803 | |
| Other Expenses | 104,100 | 104,100 | 86,878 | 17,222 | |
| Garbage and Trash Removal | | | | | |
| Salaries and Wages | 393,000 | 393,000 | 356,207 | 36,793 | |
| Other Expenses | 71,250 | 71,250 | 67,703 | 3,547 | |
| Recycling | | | | | |
| Salaries and Wages | 189,000 | 189,000 | 139,542 | 49,458 | |
| Buildings and Grounds | | | | | |
| Salaries and Wages | 384,000 | 409,000 | 400,018 | 8,982 | |
| Other Expenses | 259,500 | 259,500 | 220,124 | 39,376 | |
| HEALTH AND HUMAN SERVICES FUNCTIONS | | | | | |
| Board of Health | | | | | |
| Salaries and Wages | 343,000 | 388,000 | 386,021 | 1,979 | |
| Other Expenses | 32,160 | 32,160 | 11,179 | 20,981 | |
| Animal Control Services | | | | | |
| Other Expenses | 24,900 | 24,900 | 21,459 | 3,441 | |
| Rutherford Senior Citizen - Kip Center | | | | | |
| Other Expenses | 60,000 | 60,000 | 45,000 | 15,000 | |
| Administration of Public Assistance | | | | | |
| Salaries and Wages | 117,000 | 117,000 | 116,205 | 795 | |
| Other Expenses | 3,700 | 3,700 | 1,672 | 2,028 | |
| PARK AND RECREATION FUNCTIONS | | | | | |
| Recreation and Services and Programs | | | | | |
| Salaries and Wages | 616,000 | 621,000 | 611,769 | 9,231 | |
| Other Expenses | 161,500 | 161,500 | 110,037 | 51,463 | |
| OTHER COMMON OPERATING FUNCTIONS | | | | | |
| Williams Center for the Arts | | | | | |
| Other Expenses | 5,000 | 5,000 | 5,000 | | |
| Education Plans for Employees | | | | | |
| Other Expenses | 5,000 | 5,000 | 821 | 4,179 | |

BOROUGH OF RUTHERFORD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

| OPERATIONS - WITHIN "CAPS" (Continued) | <u>Budget</u> | <u>Budget After</u> <u>Modification</u> | <u>Expended</u> Paid or <u>Charged</u> | <u>Reserved</u> | <u>Unexpended</u> Balances <u>Cancelled</u> |
|--|-------------------|--|--|------------------|---|
| UTILITY EXPENSES AND BULK PURCHASES | | | | | |
| Insurance | | | | | |
| General Liability | \$ 590,000 | \$ 590,000 | \$ 585,204 | \$ 4,796 | |
| Worker's Compensation | 680,000 | 680,000 | 676,286 | 3,714 | |
| Employee Group Insurance | 3,480,000 | 3,250,000 | 2,934,172 | 315,828 | |
| Other Insurance Premiums | 25,000 | 25,000 | 15,714 | 9,286 | |
| Health Benefit Waiver Costs | 145,000 | 145,000 | 137,751 | 7,249 | |
| State Uniform Construction Code: | | | | | |
| Construction Code Officials | | | | | |
| Salaries and Wages | 230,000 | 230,000 | 223,939 | 6,061 | |
| Other Expenses | 15,800 | 15,800 | 14,977 | 823 | |
| Unclassified: | | | | | |
| Landfill Solid Waste Disposal Costs | | | | | |
| Dumping Fees | 1,000,000 | 1,000,000 | 810,002 | 189,998 | |
| Terminal Leave | 100,000 | 100,000 | 52,493 | 47,507 | |
| Reserve for Compensated Absences | 50,000 | 50,000 | | 50,000 | |
| Joint Meeting | 5,000 | 5,000 | 5,000 | | |
| Legal Settlements | 125,000 | 125,000 | 104,031 | 20,969 | |
| Utility Expenses and Bulk Purchases: | | | | | |
| Electricity | 294,500 | 294,500 | 294,114 | 386 | |
| Street Lighting | 270,000 | 275,000 | 270,963 | 4,037 | |
| Telephone | 75,000 | 75,000 | 56,704 | 18,296 | |
| Water | 70,000 | 77,500 | 72,708 | 4,792 | |
| Fuel Oil | 15,000 | 15,000 | 10,000 | 5,000 | |
| Gasoline | 219,000 | 344,000 | 288,000 | 56,000 | - |
| Total Operations Within "CAPS" | <u>22,290,983</u> | <u>22,267,983</u> | <u>20,395,784</u> | <u>1,872,199</u> | <u>-</u> |
| Contingent | <u>5,000</u> | <u>5,000</u> | <u>-</u> | <u>5,000</u> | <u>-</u> |
| Total Operations Including Contingent - Within "CAPS" | <u>22,295,983</u> | <u>22,272,983</u> | <u>20,395,784</u> | <u>1,877,199</u> | <u>-</u> |
| Detail: | | | | | |
| Salaries & Wages | 12,673,800 | 12,684,300 | 11,913,949 | 770,351 | - |
| Other Expenses (Including Contingent) | 9,622,183 | 9,588,683 | 8,481,835 | 1,106,848 | - |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | | | | | |
| Statutory Charges | | | | | |
| Social Security System | 600,000 | 623,000 | 620,659 | 2,341 | |
| Public Employees Retirement System | 849,110 | 849,110 | 849,110 | | |
| Unemployment Insurance | 100 | 100 | | 100 | |
| Police and Firemen's Retirement System | 1,628,300 | 1,628,300 | 1,628,300 | | |
| Fire Widow's Pension | 24,000 | 24,000 | 24,000 | | |
| DCRP | 12,500 | 12,500 | 9,886 | 2,614 | - |
| Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS" | <u>3,114,010</u> | <u>3,137,010</u> | <u>3,131,955</u> | <u>5,055</u> | <u>-</u> |
| Total General Appropriations for Municipal Purposes Within "CAPS" | <u>25,409,993</u> | <u>25,409,993</u> | <u>23,527,739</u> | <u>1,882,254</u> | <u>-</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RUTHERFORD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Expended</u> <u>Paid or</u> <u>Charged</u> | <u>Reserved</u> | <u>Unexpended Balances Cancelled</u> |
|--|------------------|--------------------------------------|---|-----------------|--|
| OPERATIONS - WITHIN "CAPS" (Continued) | | | | | |
| OPERATIONS EXCLUDED FROM "CAPS" | | | | | |
| Maintenance of Free Public Library | \$ 1,169,324 | \$ 1,169,324 | \$ 1,072,276 | \$ 97,048 | |
| Sewer Charges Contractual | | | | | |
| Bergen County Utilities Authority | 1,195,000 | 1,195,000 | 1,192,999 | 2,001 | |
| Passaic Valley Trunk Sewer | 590,000 | 590,000 | 588,990 | 1,010 | |
| Emergency Service Length of Service Award Program | 118,400 | 118,400 | 118,400 | | |
| Reserve for Tax Appeals | 25,000 | 25,000 | 25,000 | | |
| Declared State of Emergency - Coronavirus | <u>10,000</u> | <u>10,000</u> | <u>-</u> | <u>10,000</u> | <u>-</u> |
| Total Other Operations Excluded from "CAPS" | <u>3,107,724</u> | <u>3,107,724</u> | <u>2,997,665</u> | <u>110,059</u> | <u>-</u> |
| Interlocal Municipal Service Agreements | | | | | |
| Bergen County Department of Health Services | 62,038 | 62,038 | 62,038 | | |
| Gasoline and Diesel for Vehicles | 172,000 | 172,000 | 172,000 | | |
| Construction Code Official Services | <u>129,000</u> | <u>129,000</u> | <u>124,755</u> | <u>4,245</u> | <u>-</u> |
| Total Interlocal Municipal Service Agreements | <u>363,038</u> | <u>363,038</u> | <u>358,793</u> | <u>4,245</u> | <u>-</u> |
| Public and Private Programs Offset by Revenues | | | | | |
| Matching Funds for Grants | 10,000 | 10,000 | 5,366 | 4,634 | |
| Clean Communities Program | 32,269 | 32,269 | 32,269 | | |
| Bergen County - Open Space Trust Fund - Park Improvements | 15,018 | 15,018 | 15,018 | | |
| Body Armor Fund | 3,017 | 3,017 | 3,017 | | |
| Recycling Tonnage Grant | 20,805 | 20,805 | 20,805 | | |
| CDBG-Handicapped Accessibility Improvements at Borough Hall | 92,900 | 92,900 | 92,900 | | |
| Bergen County Local Arts Program Grant | | 2,210 | 2,210 | | |
| Bergen County History Grant | | 725 | 725 | | |
| Donation - Police Equipment | 750 | 750 | 750 | | |
| Recreational Opportunities for Individuals with Disabilities | 20,000 | 20,000 | 20,000 | | |
| Assistance to Firefighters Grant Program-COVID-19 Supplement | 4,783 | 4,783 | 4,783 | | |
| Assistance to Firefighters Grant Program | | 238,095 | 238,095 | | |
| SFY21 Body-Worn Camera Grant | | 18,342 | 18,342 | | |
| NJ Transportation Trust Fund Authority Act | 180,587 | 180,587 | 180,587 | | |
| Municipal Alliance on Alcoholism and Drug Abuse State Share | <u>4,507</u> | <u>4,507</u> | <u>4,507</u> | <u>-</u> | <u>-</u> |
| Total Public and Private Programs offset by Revenues | | | | | |
| Total Operations - Excluded from "CAPS" | <u>384,636</u> | <u>644,008</u> | <u>639,374</u> | <u>4,634</u> | <u>-</u> |
| Detail: | | | | | |
| Other Expenses | <u>3,855,398</u> | <u>4,114,770</u> | <u>3,995,832</u> | <u>118,938</u> | <u>-</u> |
| CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS" | | | | | |
| Capital Improvement Fund | <u>270,000</u> | <u>270,000</u> | <u>270,000</u> | <u>-</u> | <u>-</u> |
| Total Capital Improvements Excluded from "CAPS" | <u>270,000</u> | <u>270,000</u> | <u>270,000</u> | <u>-</u> | <u>-</u> |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Principal | 1,725,000 | 1,725,000 | 1,725,000 | | |
| Interest on Bonds | 700,000 | 700,000 | 606,581 | | \$ 93,419 |
| Green Trust Loan Program | | | | | |
| Principal & Interest | <u>55,000</u> | <u>55,000</u> | <u>54,752</u> | <u>-</u> | <u>248</u> |
| Total Municipal Debt Service Excluded from "CAPS" | <u>2,480,000</u> | <u>2,480,000</u> | <u>2,386,333</u> | <u>-</u> | <u>93,667</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RUTHERFORD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Expended Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balances Cancelled</u> |
|---|----------------------|--------------------------------------|---|---------------------|--|
| DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS" | | | | | |
| Deferred Charges for Future Taxation | | | | | |
| Unfunded Improvement Authorizations | | | | | |
| Ord. #3312-13 | \$ 13,877 | \$ 13,877 | \$ 13,877 | | |
| Ord. #3460-18 | <u>3,750</u> | <u>3,750</u> | <u>3,750</u> | - | - |
| Total Deferred Charges - Municipal Excluded from "CAPS" | <u>17,627</u> | <u>17,627</u> | <u>17,627</u> | - | - |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | <u>6,623,025</u> | <u>6,882,397</u> | <u>6,669,792</u> | \$ 118,938 | \$ 93,667 |
| Subtotal General Appropriations | 32,033,018 | 32,292,390 | 30,197,531 | 2,001,192 | 93,667 |
| Reserve for Uncollected Taxes | <u>1,125,000</u> | <u>1,125,000</u> | <u>1,125,000</u> | - | - |
| Total General Appropriations | <u>\$ 33,158,018</u> | <u>\$ 33,417,390</u> | <u>\$ 31,322,531</u> | <u>\$ 2,001,192</u> | <u>\$ 93,667</u> |
| Adopted Budget | | \$ 33,158,018 | | | |
| Appropriated by N.J.S. 40A:4-87 | | <u>259,372</u> | | | |
| | | <u>\$ 33,417,390</u> | | | |
| <hr/> | | | | | |
| Cash Disbursed | | | \$ 28,804,145 | | |
| Encumbrances Payable | | | 610,612 | | |
| Reserve for Tax Appeals | | | 25,000 | | |
| Reserve for Length of Service Award Program | | | 118,400 | | |
| Due to Grant Fund | | | 639,374 | | |
| Reserve for Uncollected Taxes | | | <u>1,125,000</u> | | |
| | | | <u>\$ 31,322,531</u> | | |

BOROUGH OF RUTHERFORD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|---------------------|---------------------|
| ASSETS | | | |
| OTHER TRUST FUND | | | |
| Cash | B-1 | \$ 2,358,239 | \$ 1,851,627 |
| | | <u>2,358,239</u> | <u>1,851,627</u> |
| UNEMPLOYMENT INSURANCE TRUST FUND | | | |
| Cash | B-1 | <u>119,214</u> | <u>103,726</u> |
| | | <u>119,214</u> | <u>103,726</u> |
| ANIMAL CONTROL TRUST FUND | | | |
| Cash | B-1 | <u>-</u> | <u>3</u> |
| | | <u>-</u> | <u>3</u> |
| COAH TRUST FUND | | | |
| Cash | B-1 | <u>1,495,298</u> | <u>1,156,569</u> |
| | | <u>1,495,298</u> | <u>1,156,569</u> |
| LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED) | | | |
| Cash | B | 3,883,225 | 3,236,059 |
| Municipal Contribution Receivable | B | <u>112,000</u> | <u>118,280</u> |
| | | <u>3,995,225</u> | <u>3,354,339</u> |
| Total Assets | | <u>\$ 7,967,976</u> | <u>\$ 6,466,264</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RUTHERFORD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020

| LIABILITIES, RESERVES AND FUND BALANCE | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|---------------------|---------------------|
| OTHER TRUST FUND | | | |
| Due to Current Fund | B-10 | \$ 282,888 | \$ 288,703 |
| Miscellaneous Reserves | B-4 | 1,686,084 | 1,162,979 |
| Builders/Special Escrow Deposits | B-5 | 280,253 | 303,046 |
| Payroll Deductions Payable | B-8 | <u>109,014</u> | <u>96,899</u> |
| | | <u>2,358,239</u> | <u>1,851,627</u> |
| UNEMPLOYMENT INSURANCE TRUST FUND | | | |
| Reserve for Unemployment Insurance Expenditures | B-6 | 83,979 | 94,098 |
| Due to State of New Jersey | B-7 | <u>35,235</u> | <u>9,628</u> |
| | | <u>119,214</u> | <u>103,726</u> |
| ANIMAL CONTROL TRUST FUND | | | |
| Due to State of New Jersey | B-3 | <u>-</u> | <u>3</u> |
| | | <u>-</u> | <u>3</u> |
| COAH TRUST FUND | | | |
| Reserve for COAH Expenditures | B-9 | <u>1,495,298</u> | <u>1,156,569</u> |
| | | <u>1,495,298</u> | <u>1,156,569</u> |
| LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND | | | |
| (UNAUDITED) | | | |
| Reserve for LOSAP Benefits | B | <u>3,995,225</u> | <u>3,354,339</u> |
| | | <u>3,995,225</u> | <u>3,354,339</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 7,967,976</u> | <u>\$ 6,466,264</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF RUTHERFORD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2021 AND 2020

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|---|------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Cash | C-2, C-3 | \$ 15,010,216 | \$ 21,093,406 |
| Deferred Charges to Future Taxation | | | |
| Funded | C-4 | 25,640,109 | 27,404,180 |
| Unfunded | C-5 | <u>1,615,000</u> | <u>17,627</u> |
| Total Assets | | <u>\$ 42,265,325</u> | <u>\$ 48,515,213</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Green Acres Loan Payable | C-6 | \$ 705,109 | \$ 744,180 |
| General Serial Bonds | C-7 | 24,935,000 | 26,660,000 |
| Improvement Authorization | | | |
| Funded | C-8 | 4,098,682 | 5,133,439 |
| Unfunded | C-8 | <u>455,402</u> | <u>3,750</u> |
| Encumbrances Payable | C-9 | 10,715,833 | 14,543,545 |
| Capital Improvement Fund | C-10 | 20,017 | 20,017 |
| Reserve for HVAC and Building Improvements | C-11 | 487,362 | 487,362 |
| Fund Balance | C-1 | <u>847,920</u> | <u>922,920</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 42,265,325</u> | <u>\$ 48,515,213</u> |

There were bonds and notes authorized but not issued on December 31, 2021 and 2020 of \$1,615,000 and \$17,627, respectively (Exhibit C-12).

BOROUGH OF RUTHERFORD
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE -
REGULATORY BASIS - GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|
| Balance, January 1 | \$ 922,920 | \$ 382,020 |
| Increased by: | | |
| Premium on Sale of Bonds | <u> -</u> | <u>540,900</u> |
| | 922,920 | 922,920 |
| Decreased by: | | |
| Appropriated to Current Fund Budget Revenue | <u>75,000</u> | <u> -</u> |
| Balance, December 31 | <u>\$ 847,920</u> | <u>\$ 922,920</u> |

**BOROUGH OF RUTHERFORD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2021 AND 2020**

| | <u>Reference</u> | <u>2021</u> | <u>2020</u> |
|--|------------------|-------------------|-------------------|
| ASSETS | | | |
| Cash | D-1 | \$ 101,844 | \$ 107,406 |
| | | <u>\$ 101,844</u> | <u>\$ 107,406</u> |
| LIABILITIES | | | |
| Due to State of New Jersey | D-4 | \$ 75,853 | \$ 78,823 |
| Reserve for Public Assistance Expenditures | D-5 | <u>25,991</u> | <u>28,583</u> |
| | | <u>\$ 101,844</u> | <u>\$ 107,406</u> |

BOROUGH OF RUTHERFORD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Land | \$ 47,112,433 | \$ 47,112,433 |
| Site Improvements | 3,858,991 | 3,858,991 |
| Construction in Progress | 4,930,155 | |
| Buildings | 11,802,095 | 11,802,095 |
| Buildings Improvements | 4,197,850 | 4,187,350 |
| Machinery, Equipment and Vehicles | <u>15,470,443</u> | <u>14,825,893</u> |
| | <u>\$ 87,371,967</u> | <u>\$ 81,786,762</u> |
| INVESTMENT IN GENERAL FIXED ASSETS | <u>\$ 87,371,967</u> | <u>\$ 81,786,762</u> |

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Rutherford (the "Borough") was incorporated in 1881 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. 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 requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department and volunteer ambulance squad which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

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

COAH Fund - This fund is used to account for the receipts and disbursements relating to council of affordable housing.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

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.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the 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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2020 balances to conform to the December 31, 2021 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair 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 for interfunds and, therefore, does not recognize income in the year liquidated.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Rutherford has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

No depreciation has been provided for in the financial statements.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2021 and 2020 the Borough Council increased the original budget by \$259,372 and \$32,489, respectively. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2021 and 2020.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The Borough’s deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey’s Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2021 and 2020, the book value of the Borough's deposits were \$33,374,222 and \$37,638,923 and bank and brokerage firm balances of the Borough's deposits amounted to \$34,421,835 and \$38,292,529, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

| <u>Depository Account</u> | <u>Bank Balance</u> | |
|---------------------------|---------------------|---------------|
| | <u>2021</u> | <u>2020</u> |
| Insured | \$ 34,421,835 | \$ 38,292,529 |

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 does not have a formal policy for custodial credit risk. As of December 31, 2021 and 2020, the Borough’s bank balances were not exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2021 and 2020, the Borough had the following investments:

| | <u>Fair Value</u> <u>(Unaudited)</u> | |
|-----------------------------|---|--------------|
| | <u>2021</u> | <u>2020</u> |
| Investment in VALIC (LOSAP) | \$ 3,883,225 | \$ 3,236,059 |

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2021 and 2020 \$3,883,225 and \$3,236,059 of the Borough’s investments was exposed to custodial credit risk as follows:

| | <u>2021</u> | <u>2020</u> |
|--|--------------|--------------|
| Uninsured and Collateralized: | | |
| Collateral held by pledging financial institution's trust department but not in the Borough's name | \$ 3,883,225 | \$ 3,236,059 |

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2021 and 2020, the Borough’s investment in VALIC was rated A2 by Moody’s Investors Service, Inc.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in VALIC. These investments are 100% of the Borough’s total investments.

Fair Value of Investments. The Borough of Rutherford measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by VALIC. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2021 and 2020 are categorized as Level 2.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2021 and 2020 consisted of the following:

| <u>Current</u> | <u>2021</u> | <u>2020</u> |
|-----------------|-------------------|-------------------|
| Property Taxes | \$ 553,966 | \$ 613,653 |
| Tax Title Liens | <u>64,880</u> | <u>63,052</u> |
| | <u>\$ 618,846</u> | <u>\$ 676,705</u> |

In 2021 and 2020, the Borough collected \$614,033 and \$496,977 from delinquent taxes, which represented 91% and 89%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

| | <u>2021</u> | | <u>2020</u> | |
|------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
| Current Fund | \$ 282,888 | | \$ 740,623 | |
| Grant Fund | | | | \$ 451,920 |
| Other Trust Fund | <u>-</u> | <u>\$ 282,888</u> | <u>-</u> | <u>288,703</u> |
| Total | <u>\$ 282,888</u> | <u>\$ 282,888</u> | <u>\$ 740,623</u> | <u>\$ 740,623</u> |

The above balances are the result of expenditures being paid by one fund on behalf of another.

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

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 6 FUND BALANCES APPROPRIATED

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

| | 2021 | | 2020 | |
|------------------|---------------------------------|--|---------------------------------|--|
| | Fund Balance December 31, | Utilized in Subsequent Year's Budget | Fund Balance December 31, | Utilized in Subsequent Year's Budget |
| Current Fund | | | | |
| Cash Surplus | \$ 9,407,315 | \$ 3,050,000 | \$ 8,123,285 | \$ 2,750,000 |
| Non-Cash Surplus | 898 | - | 1,748 | - |
| | \$ 9,408,213 | \$ 3,050,000 | \$ 8,125,033 | \$ 2,750,000 |

NOTE 7 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2021 and 2020.

| | Balance December 31, 2020 | Additions | Adjustments/ Retirements | Balance, December 31, 2021 |
|--------------------------|---------------------------------|--------------|-----------------------------|----------------------------------|
| | Land | | | \$ 47,112,433 |
| Site Improvements | 3,858,991 | | | 3,858,991 |
| Construction in Progress | | \$ 4,930,155 | | 4,930,155 |
| Buildings | 11,802,095 | | | 11,802,095 |
| Building Improvements | 4,187,350 | 10,500 | | 4,197,850 |
| Machinery and Equipment | 14,825,893 | 704,037 | \$ 59,487 | 15,470,443 |
| | \$ 81,786,762 | \$ 5,644,692 | \$ 59,487 | \$ 87,371,967 |
| | Balance December 31, 2019 | Additions | Adjustments/ Retirements | Balance, December 31, 2020 |
| Land | \$ 46,995,448 | \$ 116,985 | | \$ 47,112,433 |
| Site Improvements | 3,851,444 | 7,547 | | 3,858,991 |
| Buildings | 11,802,095 | | | 11,802,095 |
| Building Improvements | 4,076,240 | 111,110 | | 4,187,350 |
| Machinery and Equipment | 14,134,658 | 691,235 | - | 14,825,893 |
| | \$ 80,859,885 | \$ 926,877 | \$ - | \$ 81,786,762 |

BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. 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 and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Issued | | |
| General | | |
| Bonds and Loans | \$ 25,640,109 | \$ 27,404,180 |
| Less Funds Temporarily Held to Pay Bonds and Notes | <u>-</u> | <u>-</u> |
| Net Debt Issued | 25,640,109 | 27,404,180 |
| Authorized But Not Issued | | |
| General | | |
| Bonds and Notes | <u>1,615,000</u> | <u>17,627</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 27,255,109</u> | <u>\$ 27,421,807</u> |

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and Report of Audit and indicates a statutory net debt of .870% and .898% at December 31, 2021 and 2020, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------|----------------------|----------------------|----------------------|
| <u>2021</u> | | | |
| General Debt | \$ 27,255,109 | | \$ 27,255,109 |
| School Debt | <u>51,655,000</u> | <u>\$ 51,655,000</u> | <u>-</u> |
| Total | <u>\$ 78,910,109</u> | <u>\$ 51,655,000</u> | <u>\$ 27,255,109</u> |

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Net Debt (Continued)

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------|----------------------|----------------------|----------------------|
| <u>2020</u> | | | |
| General Debt | \$ 27,421,807 | | \$ 27,421,807 |
| School Debt | <u>53,750,000</u> | <u>\$ 53,750,000</u> | <u>-</u> |
| Total | <u>\$ 81,171,807</u> | <u>\$ 53,750,000</u> | <u>\$ 27,421,807</u> |

Statutory Borrowing Power

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

| | <u>2021</u> | <u>2020</u> |
|---|-------------------------------------|-------------------------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) Net Debt | \$ 109,666,672 <u>27,255,109</u> | \$ 107,014,372 <u>27,421,807</u> |
| Remaining Borrowing Power | <u>\$ 82,411,563</u> | <u>\$ 79,592,565</u> |

A. Long-Term Debt

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

General Obligation Bonds

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

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| \$9,950,000, 2018 Bonds, due in annual installments of \$500,000 to \$950,000 through November 1, 2030, interest at 3.00% to 4.00% | \$ 7,830,000 | \$ 8,630,000 |
| \$18,030,000, 2020 Bonds, due in annual installments of \$550,000 to \$1,100,000 through November 1, 2043, interest at 0.05% to 3.00% | <u>17,105,000</u> | <u>18,030,000</u> |
| | <u>\$ 24,935,000</u> | <u>\$ 26,660,000</u> |

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Borough has entered into loan agreements with the Green Acres Loan Program for the financing relating to the Rutherford Waterfront Park and Improvements to Wall Field. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| 2013 Loans of \$335,074, due in semi-annual installments of \$17,061 to \$21,663 through July 9, 2034, interest at 2.00% | \$ 250,611 | \$ 267,336 |
| 2017 Loans of \$316,944, due in semi-annual installments of \$14,406 to \$19,417 through August 6, 2037, interest at 2.00% | 268,722 | 282,844 |
| 2020 Loans of \$194,000, due in semi-annual installments of \$8,390 to \$11,767 through May 27, 2040, interest at 2.00% | <u>185,776</u> | <u>194,000</u> |
| | <u>\$ 705,109</u> | <u>\$ 744,180</u> |

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

| Calendar Year | Serial Bonds | | Loans | | Total |
|------------------|----------------------|---------------------|-------------------|-------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2022 | \$ 1,755,000 | \$ 631,638 | \$ 39,857 | \$ 13,904 | \$ 2,440,399 |
| 2023 | 1,800,000 | 578,988 | 40,657 | 13,102 | 2,432,747 |
| 2024 | 1,800,000 | 534,487 | 41,475 | 12,285 | 2,388,247 |
| 2025 | 1,800,000 | 489,488 | 42,308 | 11,452 | 2,343,248 |
| 2026-2030 | 7,725,000 | 1,632,123 | 204,640 | 44,156 | 9,605,919 |
| 2031-2035 | 4,675,000 | 671,000 | 246,053 | 62,859 | 5,654,912 |
| 2036-2040 | 3,400,000 | 270,000 | 90,119 | 3,584 | 3,763,703 |
| 2041-2043 | <u>1,980,000</u> | <u>35,850</u> | <u>-</u> | <u>-</u> | <u>2,015,850</u> |
| Total | <u>\$ 24,935,000</u> | <u>\$ 4,843,574</u> | <u>\$ 705,109</u> | <u>\$ 161,342</u> | <u>\$ 30,645,025</u> |

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2021 and 2020 were as follows:

| | Balance, December 31, <u>2020</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2021</u> | Due Within <u>One Year</u> |
|---------------------------------|---|----------------------|---------------------|---|----------------------------------|
| General Capital Fund | | | | | |
| Serial Bonds Payable | \$ 26,660,000 | | \$ 1,725,000 | \$ 24,935,000 | \$ 1,755,000 |
| Intergovernmental Loans Payable | <u>744,180</u> | <u>-</u> | <u>39,071</u> | <u>705,109</u> | <u>39,857</u> |
| | <u>\$ 27,404,180</u> | <u>\$ -</u> | <u>\$ 1,764,071</u> | <u>\$ 25,640,109</u> | <u>\$ 1,794,857</u> |
| | | | | | |
| | Balance, December 31, <u>2019</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2020</u> | Due Within <u>One Year</u> |
| General Capital Fund | | | | | |
| Serial Bonds Payable | \$ 10,440,000 | \$ 18,030,000 | \$ 1,810,000 | \$ 26,660,000 | \$ 1,725,000 |
| Intergovernmental Loans Payable | <u>580,419</u> | <u>194,000</u> | <u>30,239</u> | <u>744,180</u> | <u>39,071</u> |
| | <u>\$ 11,020,419</u> | <u>\$ 18,224,000</u> | <u>\$ 1,840,239</u> | <u>\$ 27,404,180</u> | <u>\$ 1,764,071</u> |

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

| <u>Capital Project/Purpose</u> | <u>Remaining Commitment</u> | <u>Estimated Date of Acquisition/ Completion</u> |
|-------------------------------------|---------------------------------|--|
| <u>2021</u> | | |
| Police Headquarters | \$ 8,023,820 | 2022 |
| 2020 Road Improvement Program | 368,620 | 2022 |
| Lighting at Memorial Field Complex | 67,747 | 2022 |
| 2021 Road Improvement Program | 591,420 | 2022 |
| Acquisition of Police Radios | 250,000 | 2022 |
| Acquisition of Police Body Cameras | 149,975 | 2022 |
| Acquisition of DPW Vehicles | 469,310 | 2022 |
| Refurbishment of 3 Fire Engines | 622,754 | 2022 |
| | | |
| <u>2020</u> | | |
| Police Headquarters | \$ 12,404,693 | 2022 |
| 2020 Road Improvement Program | 1,473,565 | 2022 |
| Pedestrian Crosswalks on Orient Way | 159,700 | 2021 |
| Lighting at Memorial Field Complex | 358,700 | 2022 |

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$3,473,833 and \$3,599,528 at December 31, 2021 and 2020, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

B. Deferred Pension Obligation

In 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$664,409 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (7.00% effective July 1, 2017) at December 31, 2021 and 2020 is \$193,251 and \$261,432, respectively.

During the years ended December 31, 2021, 2020 and 2019 the Borough was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

| <u>Year Ended</u> <u>December 31</u> | <u>PERS</u> | <u>PFRS</u> |
|---|-------------|-------------|
| 2021 | \$ 21,837 | \$ 46,344 |
| 2020 | 20,035 | 42,590 |
| 2019 | 18,487 | 39,420 |

BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2021 and 2020 were as follows:

| | Balance, December 31, <u>2020</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2021</u> | Due Within <u>One Year</u> |
|-----------------------------|---|---------------------|---------------------|---|----------------------------------|
| <u>2021</u> | | | | | |
| Compensated Absences | \$ 3,599,528 | | \$ 125,695 | \$ 3,473,833 | |
| Deferred Pension Obligation | 261,432 | | 68,181 | 193,251 | \$ 74,557 |
| Net OPEB Liability | 54,858,785 | | 1,639,250 | 53,219,535 | |
| Net Pension Liability | | | | | |
| PFRS (1) | 18,015,046 | | | 18,015,046 | |
| PERS (1) | 12,160,772 | - | - | 12,160,772 | - |
| Total | <u>\$ 88,895,563</u> | <u>\$ -</u> | <u>\$ 1,833,126</u> | <u>\$ 87,062,437</u> | <u>\$ 74,557</u> |
| | | | | | |
| | Balance, December 31, <u>2019</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2020</u> | Due Within <u>One Year</u> |
| <u>2020</u> | | | | | |
| Compensated Absences | \$ 3,470,075 | \$ 129,453 | | \$ 3,599,528 | |
| Deferred Pension Obligation | 324,057 | | \$ 62,625 | 261,432 | \$ 68,181 |
| Net OPEB Liability | 50,728,625 | 4,130,160 | | 54,858,785 | |
| Net Pension Liability | | | | | |
| PFRS | 16,514,776 | 1,500,270 | | 18,015,046 | |
| PERS | 13,127,967 | - | 967,195 | 12,160,772 | - |
| Total | <u>\$ 84,165,500</u> | <u>\$ 5,759,883</u> | <u>\$ 1,029,820</u> | <u>\$ 88,895,563</u> | <u>\$ 68,181</u> |

(1) - GASB Statement Number 68 Pension financial information was not provided by the State's Division of Pensions and Benefits as of the audit date.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

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

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2020 and 2019 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2021 and 2020 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2021, 2020 and 2019 were equal to the required contributions.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2021 2020 and 2019, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

| <u>Year Ended</u> <u>December 31</u> | <u>PFRS</u> | <u>PERS</u> | <u>DCRP</u> |
|---|--------------|-------------|-------------|
| 2021 | \$ 1,557,572 | \$ 815,783 | \$ 9,886 |
| 2020 | 1,433,790 | 744,306 | 11,673 |
| 2019 | 1,296,649 | 690,640 | 14,500 |

In addition for the years ended December 31, 2020 and 2019 the Borough contributed for long-term disability insurance premiums (LTDI) \$2,366 and \$2,071, respectively for PERS. Due to favorable claims experience, no LTDI premium contribution was required for the year ended December 31, 2021.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2022-12 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020, the Borough reported a liability of \$12,160,772, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was .07457 percent, which was an increase of .00171 percent from its proportionate share measured as of June 30, 2019 of .07286 percent.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020, the pension system has determined the Borough's pension expense to be \$349,738, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$744,306. At December 31, 2020, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

| | 2020 | |
|--|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 221,428 | \$ 43,006 |
| Changes of Assumptions | 394,509 | 5,091,830 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 415,665 | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>789,035</u> | <u>332,245</u> |
| Total | <u>\$ 1,820,637</u> | <u>\$ 5,467,081</u> |

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

| <u>Year Ending December 31,</u> | <u>Total</u> |
|---|-----------------------|
| 2021 | \$ (1,439,560) |
| 2022 | (1,267,460) |
| 2023 | (652,074) |
| 2024 | (227,522) |
| 2025 | (59,828) |
| Thereafter | <u>-</u> |
| | <u>\$ (3,646,444)</u> |

**BOROUGH OF RUTHERFORD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00-6.00% Based on Years of Service |
| Thereafter | 3.00%-7.00% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020, as reported for the years ended December 31, 2020, are summarized in the following table:

| <u>Asset Class</u> | <u>2020</u> | |
|---------------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| High Yield | 2.00% | 5.95% |
| Real Assets | 3.00% | 9.73% |
| Private Credit | 8.00% | 7.59% |
| Real Estate | 8.00% | 9.56% |
| Private Equity | 13.00% | 11.42% |

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was 7.00% for calendar year 2020, with a measurement date of June 30, 2020.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

| | |
|-----------------------------------|-------------|
| Period of Projected Benefit | |
| Payments for which the Following | |
| Rates were Applied: | |
| Long-Term Expected Rate of Return | All Periods |

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

| <u>2020</u> | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------------------|--|------------------------------------|
| Borough's Proportionate Share of the PERS Net Pension Liability | <u>\$ 15,308,383</u> | <u>\$ 12,160,772</u> | <u>\$ 9,489,938</u> |

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2020 and 2019, the Borough reported a liability of \$18,015,046, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was .13942 percent, which was an increase of .00447 percent from its proportionate share measured as of June 30, 2019 of .13495 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be \$1,370,831, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$1,433,790 in 2020. At December 31, 2020, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

| | 2020 | |
|--|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 181,622 | \$ 64,654 |
| Changes of Assumptions | 45,335 | 4,829,726 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 1,056,306 | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>1,056,405</u> | <u>197,555</u> |
| Total | <u>\$ 2,339,668</u> | <u>\$ 5,091,935</u> |

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

| Year Ending <u>December 31,</u> | <u>Total</u> |
|---------------------------------------|-----------------------|
| 2021 | \$ (1,314,025) |
| 2022 | (995,189) |
| 2023 | (354,177) |
| 2024 | (25,513) |
| 2025 | (63,363) |
| Thereafter | <u>-</u> |
| | <u>\$ (2,752,267)</u> |

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | |
|---------------------------|--|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through | All Future Years 3.25%-15.25% Based on Years of Service |
| Thereafter | Not Applicable |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub - 2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2020, as reported for the years ended December 31, 2020, are summarized in the following table:

| <u>Asset Class</u> | <u>2020</u> | |
|---------------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| High Yield | 2.00% | 5.95% |
| Real Assets | 3.00% | 9.73% |
| Private Credit | 8.00% | 7.59% |
| Real Estate | 8.00% | 9.56% |
| Private Equity | 13.00% | 11.42% |

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was 7.00% for calendar year 2020, with a measurement date of June 30, 2020.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

| | |
|--|-------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: | |
| Long-Term Expected Rate of Return | All Periods |

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00% as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

| <u>2020</u> | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------------------|--|------------------------------------|
| Borough's Proportionate Share of the PFRS Net Pension Liability | <u>\$ 23,956,303</u> | <u>\$ 18,015,046</u> | <u>\$ 13,080,378</u> |

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2020, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,795,853. For the years ended December 31, 2020, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$316,854, which is more than the actual contributions the State made on behalf of the Borough of \$215,139. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .13942 percent, which was an increase of .00447 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .13495 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF RUTHERFORD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

Borough Administered Post-Retirement Health Benefits Program

Plan Description

The Borough provides a post employment healthcare plan for its eligible retirees and their dependents. The plan is a single-employer defined benefit healthcare plan administered by the Bergen Municipal Employees Benefit Fund (BMED) for the Borough. In accordance with Borough employment contracts and personnel policies, the Borough can amend the benefit terms and financing requirements of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

The Borough provides postretirement healthcare insurance benefits for retirees and their dependents who meet certain eligibility requirements at the time of retirement at the same cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree’s surviving spouse and/or dependents are eligible for subsidized coverage upon the death of the retiree. Police who have at least twenty-five (25) years of service with the Borough at the time of retirement are eligible for employer provided post-retirement health coverage. Non uniformed employees who have retired and reached the age of 50 years or older with at least fifteen (25) years of service with the Borough at the time of retirement are eligible for employer provided post-retirement health coverage.

Employees Covered by Postemployment Benefits

At December 31, 2021 and 2020, the following employees were covered by postemployment health care benefits:

| | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|
| Active Employees | 92 | 92 |
| Inactive Employees or Beneficiaries Currently Receiving Benefits | <u>94</u> | <u>94</u> |
| | <u>186</u> | <u>186</u> |

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

The regulatory basis of accounting requires employers with a single-employer defined benefit healthcare plan to disclose in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2021 and 2020, the Borough’s total OPEB liabilities were \$53,219,535 and \$54,858,785, respectively. Net OPEB liability was measured as of December 31, 2021 and 2020, respectively, and the OPEB liability was determined by an actuarial valuation as of these dates, respectively.

For the year ended December 31, 2021 and 2020, the Borough has determined it’s OPEB expense to be \$2,495,152 and \$2,945,030, respectively, based on the actuarial valuations which were more than the actual contributions reported in the Borough’s financial statements of \$817,076 and \$1,177,134, respectively. At December 31, 2020 and 2021, the Borough’s deferred outflows of resources or deferred inflows and resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

| | 2021 | | 2020 | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | | | | |
| Changes of Assumptions | \$ 7,184,651 | \$ 2,466,556 | \$ 7,816,295 | |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | | | | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | | | | |
| Contributions made Subsequent to the Measurement Date | - | - | - | - |
| Total | <u>\$ 7,184,651</u> | <u>\$ 2,466,556</u> | <u>\$ 7,816,295</u> | <u>\$ -</u> |

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

| <u>Year Ending December 31,</u> | <u>Total</u> |
|---------------------------------|---------------------|
| 2022 | \$ 414,211 |
| 2023 | 414,211 |
| 2024 | 414,211 |
| 2025 | 414,211 |
| 2026 | 414,211 |
| Thereafter | <u>2,647,040</u> |
| | <u>\$ 4,718,095</u> |

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2021 was based on the December 31, 2021 measurement date as determined by an actuarial valuation as of December 31, 2021. The total OPEB liability reported for the year ended December 31, 2020 was based on the December 31, 2020 measurement date as determined by an actuarial valuation as of December 31, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

December 31, 2021

| | |
|----------------------------------|---|
| <i>Mortality</i> | <i>RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement</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>2.12% Based on the Bond Buyer 20 Index December 31, 2020 2.06% Based on the Bond Buyer 20 Index December 31, 2021</i> |
| <i>CPI Increase</i> | <i>2.5%</i> |
| <i>Rate of Salary Increase</i> | <i>2.5%</i> |
| <i>Medical Trend</i> | <i>Medical: 5.6% in 2021, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026 Drug: 7.0% in 2021, reducing by 0.5% per annum leveling at 4.5% per annum in 2026 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum</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 the full benefits eligibility date.
- Per Capita Cost Methods – The valuation reflects per capita net premium costs based on actual 2020 medical premiums and the plan option selected. The age specific cost was derived based on per person costs at the average age of the active population (47) 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 capita plan costs are offset by Medicare payments. When actual data is not available, post 65 costs are decreased using the assumption that Medicare picks up 66.7% of medical costs.
- Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Borough increased annually by the rate of medical trend.
- Actuarial Valuation Method – Entry Age Normal Funding Method based on a level percentage of salary. 2021 salaries were reported as \$8.193 million.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Actuarial Assumptions (Continued)

December 31, 2020

| | |
|----------------------------------|---|
| <i>Mortality</i> | <i>RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement</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 if earlier.</i> |
| <i>Full Attribution Period</i> | <i>Service to Assumed Retirement Age</i> |
| <i>Annual Discount Rate</i> | <i>2.74% Based on the Bond Buyer 20 Index December 31, 2019 2.12% Based on the Bond Buyer 20 Index December 31, 2020</i> |
| <i>CPI Increase</i> | <i>2.5%</i> |
| <i>Rate of Salary Increase</i> | <i>2.5%</i> |
| <i>Medical Trend</i> | <i>Medical: 5.6% in 2020, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 9.0% in 2020, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, 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 the full benefits eligibility date.
- Per Capita Cost Methods – The valuation reflects per capita net premium costs based on actual 2019 medical 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 (46) 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 capita plan costs are offset by Medicare payments. When actual data is not available, post 65 costs are decreased using the assumption that Medicare picks up 66.7% of medical costs.
- Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Borough increase annually by the rate of medical trend.
- Actuarial Valuation Method – Entry Age Normal Funding Method based on a level percentage of salary. 2020 salaries were reported as \$7.680 million.

The actuarial assumptions used in the December 31, 2021 and 2020 valuation were based on the results of an actuarial experience study as of December 31, 2021 and 2020, respectively.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Changes in the Total OPEB Liability

The change in the Borough's OPEB liability for the years ended December 31, 2021 and 2020 based on measurement date of December 31, 2021 and 2020, respectively, are as follows:

| | Total OPEB Liability 2021 | Total OPEB Liability 2020 |
|--|--|--|
| Balance, Beginning of Year | \$ 54,858,785 | \$ 50,728,625 |
| Changes for the Year: | | |
| Service Cost | 909,635 | 909,635 |
| Interest on the Total OPEB Liability | 1,171,306 | 1,403,751 |
| Changes of Benefit Terms | | |
| Differences Between Expected and Actual Experience | | |
| Changes in Assumptions | (2,683,989) | 2,629,724 |
| Benefit Payments | (1,036,202) | (812,950) |
| Net Changes | <u>(1,639,250)</u> | <u>4,130,160</u> |
| Balance, End of Year | <u>\$ 53,219,535</u> | <u>\$ 54,858,785</u> |

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's net OPEB liability as of December 31, 2021 and 2020 calculated using the discount rate of 2.06% and 2.12%, respectively, as well as what the Borough's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.06% and 1.12%, respectively or 1-percentage-point higher 3.06% and 3.12%, respectively than the current rate:

| | 1% Decrease (1.06%) | Current Discount Rate (2.06%) | 1% Increase (3.06%) |
|--------------------|------------------------------------|--|------------------------------------|
| <u>2021</u> | | | |
| Net OPEB Liability | <u>\$ 60,369,440</u> | <u>\$ 53,219,535</u> | <u>\$ 47,440,782</u> |
| | | | |
| | 1% Decrease (1.12%) | Current Discount Rate (2.12%) | 1% Increase (3.12%) |
| <u>2020</u> | | | |
| Net OPEB Liability | <u>\$ 57,694,554</u> | <u>\$ 54,858,785</u> | <u>\$ 52,753,836</u> |

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

The following presents the Borough’s net OPEB liability as of December 31, 2021 and 2020 calculated using the healthcare trend rates as disclosed above as well as what the Borough’s net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

| <u>2021</u> | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--------------------|------------------------|--|------------------------|
| Net OPEB Liability | <u>\$ 48,167,723</u> | <u>\$ 53,219,535</u> | <u>\$ 59,392,331</u> |
| | | | |
| <u>2020</u> | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
| Net OPEB Liability | <u>\$ 51,614,217</u> | <u>\$ 54,858,785</u> | <u>\$ 58,813,103</u> |

State Administered Post-Retirement Health Benefits Program

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities. The State also sponsors and administers a post-retirement health benefit program for certain eligible former Borough employees and/or their dependents under a special funding situation.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits’ (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Health Benefit Program Fund – Local Government Retired (the Plan) (Continued)

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$292.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough is not required to make contributions to the State Plan under the special funding situation. The State as a non-employer contributing entity makes contributions to the Plan on-behalf of the Borough under a special funding situation.

BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2022-12 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation

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

At December 31, 2020, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$10,567,536. For the year ended December 31, 2020 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$526,054. At December 31, 2020, (measurement date June 30, 2020), the State's share of the OPEB liability attributable to the Borough was .19346 percent, which was an increase of .03916 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .15430 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

**BOROUGH OF RUTHERFORD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation (Continued)

Actuarial Assumptions

The State’s total OPEB liability attributable to the Borough reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | |
|-------------------------------------|---|
| Inflation Rate | 2.50% |
| Salary Increases* | |
| PERS: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 2.00% to 6.00% |
| Rate Thereafter | 3.00% to 7.00% |
| PFRS: | |
| Initial Fiscal Year Applied Through | Rate for All Future Years |
| Rate | 3.25% to 15.25% |
| Rate Thereafter | Not Applicable |
| Mortality | |
| PERS | Pub-2010 General Classification Headcount- Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020. |
| PFRS | Pub-2010 Safety Classification Headcount- Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020. |

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was 2.21% for calendar year 2020, with a measurement date of June 30, 2020.

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

OPEB Plan Fiduciary Net Position – State Health Benefits Program Fund – Local Government Retired

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

NOTE 13 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Rutherford is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The SBJIF and MEL coverage amounts are on file with the Borough.

The Borough is also a member of the Bergen Municipal Employee Benefits Fund (BMED). This fund is an insured and self-administered group established for the sole purpose of providing medical insurance coverage to the employees of member municipalities. The BMED is a risk-sharing public entity pool. The BMED coverage amounts are on file with the Borough.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 13 RISK MANAGEMENT (Continued)

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

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

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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 unemployment compensation trust fund for the current and previous two years:

| <u>Year Ended December 31</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2021 | \$ 16,052 | \$ 26,727 | \$ 83,979 |
| 2020 | 15,323 | 12,125 | 94,098 |
| 2019 | 15,423 | 16,008 | 89,896 |

NOTE 14 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough’s Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2021 and 2020. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2021 and 2020, the Borough reserved \$535,716 and \$519,183, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 14 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2021 and 2020, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2021 and 2020, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)-UNAUDITED

The Borough's Length of Service Awards Program (the Plan) was created by a Borough ordinance adopted on August 10, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Rutherford approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,718 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Rutherford has contributed up to a maximum of \$1,814 and \$1,718 for 2021 and 2020, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$112,000 and \$118,280 for 2021 and 2020, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

The Variable Annuity Life Insurance Company (VALIC) is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2021 and 2020, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long-Term Tax Exemption Law (the "LTTE Law"), and the Federal Senior Citizens Housing Loan Program.

The Long-Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2021 and 2020 the Borough abated property taxes totaling \$47,063 and \$45,810, respectively under the LTTE program. The Borough received \$166,287 and \$163,418 in PILOT payments under this program for the years ended December 31, 2021 and 2020, respectively.

Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project. For the years ended December 31, 2021 and 2020 the Borough abated property taxes totaling \$164,396 and \$160,018, respectively, under this law. The Borough received \$22,447 and \$31,046 in PILOT payments under this program for the years ended December 31, 2021 and 2020, respectively.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022.

On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Rutherford's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Rutherford's primary revenue source for supporting its budget. The Borough of Rutherford cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

**BOROUGH OF RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

The Borough will receive \$1,915,748 from the Plan in two equal payments. On May 24, 2021, the Borough received its first installment of funds under the Plan in the amount of \$957,874. The Borough utilized this first installment in the 2022 budget to replace lost public sector revenue. The Borough has not yet determined how it will spend the second installment to be received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

On May 9, 2022 the Borough Council adopted a bond ordinance, appropriating \$1,500,000 and authorizing the issuance of \$1,425,000 in bonds or notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**BOROUGH OF RUTHERFORD
STATEMENT OF CURRENT CASH
CURRENT FUND**

| | <u>Current Fund</u> | <u>Grant Fund</u> |
|--|----------------------|-------------------|
| Balance, December 31, 2020 | \$ 13,325,416 | |
| Increased by Receipts: | | |
| Taxes Receivable | \$ 79,368,037 | |
| Non Budget Revenue | 653,166 | |
| Petty Cash Returned | 800 | |
| Revenue Accounts Receivable | 4,715,224 | \$ 30 |
| 2022 Prepaid Taxes | 469,225 | |
| Due from State - Senior Citizen and Veteran Deductions | 87,640 | |
| Various Reserves | 243,833 | |
| Grants Receivable | | 13,125 |
| Receipts from Current Fund | | 539,088 |
| Receipts from Grant Fund | 67,120 | |
| Receipts for Grant Fund | 1,301,721 | |
| Receipts from Other Trust Fund | 1,190,160 | |
| Advance/Security Deposit | 40 | |
| Receipts from Public Assistance Fund | 512 | |
| | <u>88,097,478</u> | <u>-</u> |
| | 101,422,894 | \$ 552,243 |
| Decreased by Disbursements: | | |
| 2021 Budget Appropriations | 28,804,145 | |
| 2020 Appropriation Reserves | 734,755 | |
| Petty Cash Disbursed | 800 | |
| Encumbrances Payable | 567,247 | |
| Local District School Tax Payable | 46,715,530 | |
| County Taxes Payable | 7,963,362 | |
| Various Reserves | 721,160 | |
| Payments to Grant Fund | 539,088 | |
| Due From Grant Fund | 383,169 | |
| Due to Other Trust Fund | 1,169,226 | |
| Payments to Current Fund | | 67,120 |
| Refund of Prior Year Revenue | 20,894 | |
| | <u>87,619,376</u> | <u>67,120</u> |
| Balance, December 31, 2021 | <u>\$ 13,803,518</u> | <u>\$ 485,123</u> |

**BOROUGH OF RUTHERFORD
STATEMENT OF PETTY CASH FUNDS**

| | | |
|--------------------|--|---------------|
| Increased by: | | |
| Cash Receipts | | \$ <u>800</u> |
| Decreased by: | | |
| Cash Disbursements | | \$ <u>800</u> |

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS AND VETERANS DEDUCTIONS**

| | | |
|--|--------------|---------------|
| Balance, December 31, 2020 | | \$ 1,025 |
| Increased by: | | |
| Senior Citizens Deductions Per Tax Billing | \$ 7,750 | |
| Veterans Deductions Per Tax Billing | 78,500 | |
| Senior Citizens and Veterans Deductions Allowed | <u>1,750</u> | |
| | | <u>88,000</u> |
| | | 89,025 |
| Decreased by: | | |
| Received from State | 87,640 | |
| Senior Citizen/Veterans Deductions Disallowed - Current Year | 750 | |
| Senior Citizen/Veterans Deductions Disallowed - Prior Year | <u>420</u> | |
| | | <u>88,810</u> |
| Balance, December 31, 2021 | | \$ <u>215</u> |

STATEMENT OF ADVANCE/SECURITY DEPOSIT

| | | |
|----------------------------|--|---------------|
| Balance, December 31, 2020 | | \$ 723 |
| Decreased by: | | |
| Cash Receipts | | <u>40</u> |
| Balance, December 31, 2021 | | \$ <u>683</u> |

**BOROUGH OF RUTHERFORD
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

| Year | Balance, December 31, 2020 | Levy | Added Taxes | Senior Citizens' and Veterans' | Collected In | | Senior Citizens' and Veterans' | Overpayments Applied | Cancelled | Transferred to Tax Title Liens | Balance, December 31, 2021 |
|------|----------------------------------|----------------------|----------------|--------------------------------------|-------------------|----------------------|--------------------------------------|-------------------------|------------------|---|----------------------------------|
| | | | | Deductions Disallowed | 2020 | 2021 | Deductions Allowed | | | | |
| 2020 | \$ 613,653 | | | \$ 420 | \$ 614,073 | | | | | | |
| 2021 | <u>-</u> | <u>\$ 79,886,277</u> | | <u>750</u> | <u>\$ 453,713</u> | <u>78,753,964</u> | <u>\$ 88,000</u> | <u>\$ -</u> | <u>\$ 35,556</u> | <u>\$ 1,828</u> | <u>\$ 553,966</u> |
| | <u>\$ 613,653</u> | <u>\$ 79,886,277</u> | <u>\$ -</u> | <u>\$ 1,170</u> | <u>\$ 453,713</u> | <u>\$ 79,368,037</u> | <u>\$ 88,000</u> | <u>\$ -</u> | <u>\$ 35,556</u> | <u>\$ 1,828</u> | <u>\$ 553,966</u> |

Analysis of 2021 Property Tax Levy

| | |
|-----------------------------------|----------------------|
| Tax Yield | |
| General Purpose Tax | \$ 79,716,670 |
| Added and Omitted Taxes | <u>169,607</u> |
| | <u>\$ 79,886,277</u> |
| Tax Levy | |
| Local District School Tax | \$ 46,715,530 |
| County Taxes | \$ 7,634,721 |
| County Open Space Taxes | 316,484 |
| County Taxes - Added & Omitted | <u>16,897</u> |
| | 7,968,102 |
| Local Tax for Municipal Purposes | 23,981,072 |
| Local Tax for Free Public Library | 1,051,932 |
| Additional Taxes | <u>169,641</u> |
| | <u>25,202,645</u> |
| | <u>\$ 79,886,277</u> |

**BOROUGH OF RUTHERFORD
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

| | |
|-------------------------------------|------------------|
| Balance, December 31, 2020 | \$ 63,052 |
| Increased by: | |
| Transfer from 2021 Taxes Receivable | <u>1,828</u> |
| Balance, December 31, 2021 | <u>\$ 64,880</u> |

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

| | |
|----------------------------|-----------------|
| Balance, December 31, 2020 | <u>\$ 7,025</u> |
| Balance, December 31, 2021 | <u>\$ 7,025</u> |

BOROUGH OF RUTHERFORD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

| | Balance, December 31, <u>2020</u> | <u>Accrued</u> | <u>Collected</u> | Balance, December 31, <u>2021</u> |
|---|---|---------------------|-------------------------------|---|
| Licenses | | | | |
| Alcoholic Beverages | | \$ 18,356 | \$ 18,356 | |
| Other | | 5,615 | 5,615 | |
| Fees and Permits | | | | |
| Other | | 122,641 | 122,641 | |
| Municipal Court | \$ 15,180 | 242,984 | 237,250 | \$ 20,914 |
| Interest and Cost on Taxes | | 150,247 | 150,247 | |
| Parking Meters | | 174,020 | 174,020 | |
| Interest on Investments | | 174,991 | 174,991 | |
| Parking Lot Permits | | 168,525 | 168,525 | |
| Fire Safety Fees | | 79,942 | 79,942 | |
| Energy Receipts Tax | | 1,384,589 | 1,384,589 | |
| Uniform Construction Code Fees | | 822,490 | 822,490 | |
| Interlocal Municipal Service Agreements: | | | | |
| Gasoline and Diesel for Vehicles | | 240,984 | 240,984 | |
| Uniform Fire Safety Act | | 25,951 | 25,951 | |
| Lease of Borough Property | | 180,021 | 180,021 | |
| Cable TV Franchise Fee | | 221,858 | 221,858 | |
| Nursing Services Non-Public School Pupils | | 34,170 | 34,170 | |
| PILOT - Rutherford Senior Housing Committee | | 22,447 | 22,447 | |
| PILOT - Redevelopment | | 166,287 | 166,287 | |
| Hotel Occupancy Fee | | 174,967 | 174,967 | |
| Nereid Boat Club - Green Trust Loan Repayment | | 21,988 | 21,988 | |
| Fees and Permits - Recycling Revenues | | 12,534 | 12,534 | |
| Due from Free Public Library | | 230,000 | 230,000 | |
| General Capital Surplus | - | 75,000 | 75,000 | - |
| | <u>\$ 15,180</u> | <u>\$ 4,750,607</u> | <u>\$ 4,744,873</u> | <u>\$ 20,914</u> |
| | | | Cash Receipts \$ 4,715,224 | |
| | | | Prepaid Revenue <u>29,649</u> | |
| | | | <u>\$ 4,744,873</u> | |

**BOROUGH OF RUTHERFORD
STATEMENT OF GRANTS RECEIVABLE
GRANT FUND**

| <u>Grant</u> | Balance, December 31, <u>2020</u> | Grant <u>Awards</u> | <u>Receipts</u> | Balance, December 31, <u>2021</u> |
|---|---|------------------------|-------------------|---|
| <u>Local Grants:</u> | | | | |
| Bergen County Open Space Grant - Park Improvement Program | | \$ 15,018 | | \$ 15,018 |
| Bergen County Open Space Grant - Sunset Memorial Park improvement | \$ 18,061 | | | 18,061 |
| Bergen County Open Space - Tamblyn Field - 2019 | 76,500 | | | 76,500 |
| Bergen County Open Space - Tamblyn Field - 2020 | 32,450 | | | 32,450 |
| Bergen County Open Space - Memorial, Tamblyn & Wall Field Imp. | 74,358 | | | 74,358 |
| Bergen County Local Arts Program Grant - 2021 | | 2,210 | | 2,210 |
| Bergen County Local Arts Program Grant - 2020 | 3,100 | | | 3,100 |
| Bergen County Historic Preservation Grant - 2015 | | 725 | | 725 |
| Donation - Police Equipment | | 750 | \$ 750 | - |
| NJSEA - Arbor Day Tree Grant - 2020 | 1,000 | - | - | 1,000 |
| Subtotal Local Grants | <u>205,469</u> | <u>18,703</u> | <u>750</u> | <u>223,422</u> |
| <u>Federal Grants:</u> | | | | |
| Bulletproof Vest Partnership Grant - 2017 | 2,474 | | | 2,474 |
| Bulletproof Vest Partnership Grant - 2019 | 5,153 | | 5,153 | - |
| Bulletproof Vest Partnership Grant - 2020 | 2,178 | | 2,178 | - |
| 2017 NJDOT Safe Routes to Schools | 368,000 | | | 368,000 |
| Bergen County CDGB - 2019 Darwin Avenue Street Improvement | 105,800 | | | 105,800 |
| Bergen County CDGB - 2019 Handicapped Accessible Bathroom - Kidspot | 22,450 | | | 22,450 |
| Bergen County CDGB - 2019 Handicapped Accessibility Improvements - Borough Hall | | 92,900 | | 92,900 |
| Assistance to Firefighters Grant Program | | 238,095 | | 238,095 |
| Assistance to Firefighters Grant - COVID Supplemental | - | 4,783 | - | 4,783 |
| Subtotal Federal Grants | <u>506,055</u> | <u>335,778</u> | <u>7,331</u> | <u>834,502</u> |
| <u>State Grants:</u> | | | | |
| Municipal Alliance on Alcoholism and Drug Abuse - 2018/19 | 6,791 | | 578 | 6,213 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2019/20 | 11,312 | | 3,576 | 7,736 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2020/21 | | 4,507 | | 4,507 |
| NJDEP Forestry Management Plan Grant | 150,000 | | 119,682 | 30,318 |
| Green Acres - Memorial Park Improvements - 2020 | 148,215 | | | 148,215 |
| Green Acres - Walls Field Rain Garden/Bio Retention - 2020 | 63,420 | | | 63,420 |
| N.J. Div. of Criminal Justice - Body Armor Grant 2021 | | 3,017 | 3,017 | - |
| Body Worn Cameras Grant | | 18,342 | | 18,342 |
| Recycling Tonnage Grant | | 20,805 | 20,805 | - |
| Clean Communities Program | | 32,269 | 32,269 | - |
| Census Grant - 2020 | 1,279 | | | 1,279 |
| Recreational Opportunities for Individuals with Disabilities - 2017/18 | 291 | | | 291 |
| Recreational Opportunities for Individuals with Disabilities - 2021 | | 20,000 | | 20,000 |
| N.J. Transportation Trust Fund Authority Act - 2015 Municipal Aid | 60,052 | | | 60,052 |
| N.J. Transportation Trust Fund Authority Act - 2016 Municipal Aid | 165,627 | | 165,627 | - |
| N.J. Transportation Trust Fund Authority Act - 2018 Municipal Aid | 55,102 | | | 55,102 |
| N.J. Transportation Trust Fund Authority Act - 2019 | 212,000 | | | 212,000 |
| N.J. Transportation Trust Fund Authority Act - 2020 Municipal Aid | 195,000 | | | 195,000 |
| N.J. Transportation Trust Fund Authority Act - 2020 Transit Village | 210,000 | | | 210,000 |
| N.J. Transportation Trust Fund Authority Act - 2021 | - | 180,587 | - | 180,587 |
| Subtotal State Grants | <u>1,279,089</u> | <u>279,527</u> | <u>345,554</u> | <u>1,213,062</u> |
| Grand Totals | <u>\$ 1,990,613</u> | <u>\$ 634,008</u> | <u>\$ 353,635</u> | <u>\$ 2,270,986</u> |
| | | | \$ 750 | |
| | | | 339,760 | |
| | | | 13,125 | |
| | | | <u>\$ 353,635</u> | |

**BOROUGH OF RUTHERFORD
STATEMENT OF APPROPRIATION RESERVES**

| | Balance December 31, <u>2020</u> | <u>Transfers</u> | Encumbrances <u>Cancelled</u> | Balance After <u>Modification</u> | <u>Paid or Charged</u> | Balance <u>Lapsed</u> |
|---|--|------------------|----------------------------------|---|----------------------------|--------------------------|
| Salaries and Wages Within "CAPS": | | | | | | |
| General Administration | \$ 3,407 | 10,000 | | \$ 13,407 | | \$ 13,407 |
| Mayor and Council | 128 | | | 128 | | 128 |
| Municipal Clerk | 13,673 | | | 13,673 | 7,953 | 5,720 |
| Financial Administration | 9,980 | 10,000 | | 19,980 | 19,980 | - |
| Collection of Taxes | 8,110 | 5,000 | | 13,110 | 7,617 | 5,493 |
| Assessment of Taxes | 3,804 | 2,000 | | 5,804 | 2,689 | 3,115 |
| Planning Board | 281 | | | 281 | | 281 |
| Zoning Board of Adjustment | 58 | | | 58 | | 58 |
| Property Management Enforcement | 1,838 | | | 1,838 | | 1,838 |
| Police | 674,081 | \$ (10,000) | | 664,081 | 378,967 | 285,114 |
| Emergency Management | 615 | | | 615 | | 615 |
| Fire Official | 12,876 | 10,000 | | 22,876 | 8,563 | 14,313 |
| Public Defender | 227 | | | 227 | | 227 |
| Municipal Court | 7,623 | 7,500 | | 15,123 | 7,617 | 7,506 |
| Road repairs and Maintenance | 93,018 | | | 93,018 | 37,098 | 55,920 |
| Shade Tree | 12,369 | 15,000 | | 27,369 | 11,284 | 16,085 |
| Sewer System | 4,717 | | | 4,717 | 288 | 4,429 |
| Garbage and Trash | 45,425 | | | 45,425 | 12,784 | 32,641 |
| Recycling Program | 45,323 | | | 45,323 | 3,543 | 41,780 |
| Public Buildings and Grounds | 17,660 | 10,000 | | 27,660 | 7,442 | 20,218 |
| Board of Health | 5,997 | 19,000 | | 24,997 | 9,721 | 15,276 |
| Administration of Public Assistance | 7,936 | 10,000 | | 17,936 | 7,617 | 10,319 |
| Recreation Commission | 91,090 | (25,000) | | 66,090 | 13,549 | 52,541 |
| Terminal Leave | 48,863 | | | 48,863 | | 48,863 |
| Reserve for Compensated Absences | 50,000 | | | 50,000 | | 50,000 |
| Construction Code Officials | 5,387 | - | - | 5,387 | - | 5,387 |
| Total Salaries and Wages | 1,164,486 | 63,500 | - | 1,227,986 | 536,712 | 691,274 |
| Other Expenses Within "CAPS" | | | | | | |
| General Administration | 40,668 | | | 40,668 | 3,588 | 37,080 |
| Mayor and Council | 2,258 | | | 2,258 | 231 | 2,027 |
| Municipal Clerk | 5,853 | | | 5,853 | 2,597 | 3,256 |
| Financial Administration - Other | 13,468 | 5,000 | | 18,468 | 6,813 | 11,655 |
| Financial Administration - Audit | 29,000 | 2,500 | | 31,500 | 28,809 | 2,691 |
| Computerized Data Processing | 9,203 | 5,000 | | 14,203 | 6,000 | 8,203 |
| Collection of Taxes | 5,544 | | | 5,544 | 1,456 | 4,088 |
| Assessment of Taxes | 32,000 | | | 32,000 | 3,403 | 28,597 |
| Legal Services and Costs | 17,746 | 10,000 | \$ 15,364 | 43,110 | | 43,110 |
| Engineering Services and Costs | 20,300 | 10,000 | | 30,300 | | 30,300 |
| Engineering Services & Costs Complete Streets | 5,000 | | | 5,000 | | 5,000 |
| Planning Board | 11,556 | | | 11,556 | 1,080 | 10,476 |
| Board of Adjustment | 4,401 | | | 4,401 | 1,125 | 3,276 |
| Property Management Enforcement | 6 | | | 6 | | 6 |
| Police | 44,285 | | | 44,285 | 2,471 | 41,814 |
| Emergency Management Services | 12,000 | | | 12,000 | | 12,000 |
| Aid to Volunteer Ambulance Co. | 3,855 | | | 3,855 | | 3,855 |
| Fire | 31,826 | | | 31,826 | 499 | 31,327 |
| Fire Official | 4,941 | | | 4,941 | 138 | 4,803 |
| Municipal Court | 6,860 | | | 6,860 | 180 | 6,680 |
| Road Repairs and Maintenance | 39,361 | | | 39,361 | 1,869 | 37,492 |
| Shade Tree Division | 3,576 | 5,000 | | 8,576 | 3,597 | 4,979 |
| Sewer System | 66,353 | | | 66,353 | | 66,353 |
| Garbage & Trash Removal | 2,701 | | 1,414 | 4,115 | | 4,115 |
| Public Buildings and Grounds | 19,661 | | | 19,661 | 935 | 18,726 |
| Landfill Disposal Costs | 45,355 | 75,000 | | 120,355 | 77,924 | 42,431 |
| Animal Control | 3,903 | | | 3,903 | 1,942 | 1,961 |
| Board of Health | 13,813 | | | 13,813 | 16 | 13,797 |
| Administration of Public Assistance | 2,175 | | | 2,175 | | 2,175 |
| Recreation Department | 12,694 | | 668 | 13,362 | | 13,362 |

**BOROUGH OF RUTHERFORD
STATEMENT OF APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Balance December 31, <u>2020</u> | <u>Transfers</u> | Encumbrances <u>Cancelled</u> | Balance After <u>Modification</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|---|--|------------------|----------------------------------|---|--------------------------------|--------------------------|
| Educational Plan for Employees | \$ 5,000 | | | \$ 5,000 | | \$ 5,000 |
| General Liability Insurance | 4,003 | | | 4,003 | | 4,003 |
| Workers Compensation Insurance | 1,443 | | | 1,443 | | 1,443 |
| Employee Group Insurance | 386,512 | \$ (151,000) | | 235,512 | \$ 4,046 | 231,466 |
| Other Insurance Premiums | 11,530 | | | 11,530 | 343 | 11,187 |
| Health Benefit Waiver | 11,271 | | | 11,271 | | 11,271 |
| Joint Meeting | 5,000 | | | 5,000 | | 5,000 |
| Legal Settlements | 48,987 | | | 48,987 | 8,438 | 40,549 |
| Construction Code Official | 9,735 | | | 9,735 | 320 | 9,415 |
| Electricity | 56,896 | | | 56,896 | 14,666 | 42,230 |
| Street Lighting | 6,052 | | | 6,052 | | 6,052 |
| Telephone | 18,090 | | | 18,090 | 2,936 | 15,154 |
| Water | 11,874 | | | 11,874 | 3,004 | 8,870 |
| Fuel Oil | | | \$ 15,020 | 15,020 | | 15,020 |
| Gasoline | 60,753 | (25,000) | 45,263 | 81,016 | | 81,016 |
| Contingent | 5,000 | | | 5,000 | | 5,000 |
| Social Security System | 43,723 | | | 43,723 | 1,072 | 42,651 |
| Unemployment Insurance | 100 | | | 100 | | 100 |
| DCRP | 4,327 | | | 4,327 | | 4,327 |
| Maintenance of Free Public Library | 68,320 | | | 68,320 | 68,320 | - |
| Passaic Valley Trunk Sewer | 791 | | | 791 | | 791 |
| Shared Service - Bergen County Department of Health S | 16,860 | | | 16,860 | | 16,860 |
| Shared Service - Gasoline and Diesel for Vehicles | 23,632 | | | 23,632 | | 23,632 |
| Shared Service - Construction Code Official Services | 836 | | | 836 | | 836 |
| BCUA Sewer Charges | 2,821 | | | 2,821 | | 2,821 |
| Declared State of Emergency - Coronavirus | 803 | - | - | 803 | - | 803 |
| | | | | | | |
| Total Other Expenses | <u>1,314,721</u> | <u>(63,500)</u> | <u>77,729</u> | <u>1,328,950</u> | <u>247,818</u> | <u>1,081,132</u> |
| | | | | | | |
| Total | <u>\$ 2,479,207</u> | <u>\$ -</u> | <u>\$ 77,729</u> | <u>\$ 2,556,936</u> | <u>\$ 784,530</u> | <u>\$ 1,772,406</u> |
| | | | | | Cash Disbursements | \$ 734,755 |
| | | | | | Miscellaneous Reserves/Payable | 49,775 |
| | | | | | | <u>\$ 784,530</u> |

**BOROUGH OF RUTHERFORD
STATEMENT OF ENCUMBRANCES PAYABLE**

| | | |
|--|-----------|------------|
| Balance, December 31, 2020 | | \$ 644,976 |
| Increased by: | | |
| Transfer from Current Appropriations | | 610,612 |
| | | 1,255,588 |
| Decreased by: | | |
| Transferred to 2020 Appropriation Reserves | \$ 77,729 | |
| Cash Disbursements | 567,247 | |
| | | 644,976 |
| Balance, December 31, 2021 | | \$ 610,612 |

STATEMENT OF PREPAID TAXES

| | | |
|----------------------------------|--|------------|
| Balance, December 31, 2020 | | \$ 453,713 |
| Increased by: | | |
| Collection of 2022 Taxes | | 469,225 |
| | | 922,938 |
| Decreased by: | | |
| Applied to 2021 Taxes Receivable | | 453,713 |
| Balance, December 31, 2021 | | \$ 469,225 |

BOROUGH OF RUTHERFORD
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

| | | |
|-------------------------|--|----------------------|
| Increased by: | | |
| 2021 Calendar Year Levy | | \$ <u>46,715,530</u> |
| Decreased by: | | |
| Payments | | \$ <u>46,715,530</u> |

SCHEDULE OF COUNTY TAXES PAYABLE

| | | |
|----------------------------|---------------|------------------|
| Balance, December 31, 2020 | | \$ 12,157 |
| Increased by: | | |
| General County Tax | \$ 7,634,721 | |
| Open Space Tax | 316,484 | |
| Added and Omitted Taxes | <u>16,897</u> | |
| | | <u>7,968,102</u> |
| | | 7,980,259 |
| Decreased by: | | |
| Payments | | <u>7,963,362</u> |
| Balance, December 31, 2021 | | <u>\$ 16,897</u> |

BOROUGH OF RUTHERFORD
STATEMENT OF MISCELLANEOUS RESERVES/PAYABLES

| <u>Description</u> | Balance, December 31, <u>2020</u> | <u>Increased</u> | <u>Decreased</u> | Balance, December 31, <u>2021</u> |
|--|---|-------------------|-------------------|---|
| Tax Overpayments | \$ 18,378 | \$ 119,591 | \$ 134,951 | \$ 3,018 |
| Accounts Payable | 136,910 | 49,916 | 20,795 | 166,031 |
| Accrued Salaries and Wages | 708,755 | | 383,226 | 325,529 |
| Prepaid Licenses, Fees & Permits, Other | 110,159 | 63,646 | 29,649 | 144,156 |
| Due to Bergen County PILOT | 26,268 | | | 26,268 |
| Due to State of New Jersey: | | | | |
| Marriage/Civil Union Fees | 600 | 2,400 | 2,300 | 700 |
| Construction Code-Training Fees | 7,051 | 55,969 | 52,604 | 10,416 |
| Reserve for: | | | | |
| Tax Appeals | 519,183 | 25,000 | 8,467 | 535,716 |
| Blood Screenings | 3,017 | 2,086 | 1,052 | 4,051 |
| Length of Service Award Program | <u>82,527</u> | <u>118,400</u> | <u>117,765</u> | <u>83,162</u> |
| | <u>\$ 1,612,848</u> | <u>\$ 437,008</u> | <u>\$ 750,809</u> | <u>\$ 1,299,047</u> |
| Cash Receipts | | \$ 243,833 | | |
| Cash Disbursements | | | \$ 721,160 | |
| Applied to Current Year Revenues | | | 29,649 | |
| Transferred from 2020 Appropriation Reserves | | 49,775 | | |
| Transferred from 2021 Budget Appropriations | | <u>143,400</u> | <u>-</u> | |
| | | <u>\$ 437,008</u> | <u>\$ 750,809</u> | |

BOROUGH OF RUTHERFORD
STATEMENT OF APPROPRIATED GRANT RESERVES
GRANT FUND

| <u>Grant</u> | Balance, December 31, <u>2020</u> | 2021 <u>Budget</u> | <u>Expended</u> | Balance, December 31, <u>2021</u> |
|--|---|-----------------------|-----------------|---|
| <u>Local Grants:</u> | | | | |
| BCB Bank - Police Equipment | \$ 237 | | | \$ 237 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2019/20 Local | 2,539 | | \$ 2,539 | - |
| Municipal Alliance on Alcoholism and Drug Abuse - 2020/21 Local | | \$ 1,127 | 1,127 | - |
| Donations - Police Equipment - 2016 | 3,020 | | | 3,020 |
| Donations - Police Equipment - 2017 | 900 | | | 900 |
| Donations - Police Equipment - 2019 | 800 | | 479 | 321 |
| Donations - Police Equipment - 2020 | 120 | | | 120 |
| Donations - Police Equipment - 2021 | | 750 | | 750 |
| Bergen County Local Arts Grant - 2020 | 3,100 | | 3,100 | - |
| Bergen County Local Arts Grant - 2021 | | 2,210 | 2,210 | - |
| Bergen County History Grant for Special Projects - 2019 | 6 | | | 6 |
| Bergen County History Grant for Special Projects - 2021 | | 725 | | 725 |
| Bergen County Open Space Grant - Park Improvement Program | | 15,018 | | 15,018 |
| Bergen County Open Space Grant - 2013 | 25,254 | | | 25,254 |
| Bergen County Open Space Grant - Sunset Memorial Parks | 18,061 | | | 18,061 |
| Bergen County Open Space Grant - 2018 Memorial, Tamblyn & Wall Field | 74,358 | | | 74,358 |
| Bergen County Open Space Grant - 2019 Tamblyn Field Improvements | 76,500 | | | 76,500 |
| Bergen County Open Space Grant - 2020 Tamblyn Field Improvements | 32,450 | | | 32,450 |
| US Foundation for the Commemoration of World Wars | 1,200 | | | 1,200 |
| US Foundation for the Commemoration of World Wars - Match | 1,200 | | | 1,200 |
| NJSEA - Arbor Day Tree Grant - 2020 | 1,000 | | | 1,000 |
| Census Grant - 2020 | 1,279 | | | 1,279 |
| Labor Day Fair 2013 | 16,751 | | | 16,751 |
| Labor Day Street Fair | 2,550 | - | - | 2,550 |
| Subtotal Local Grants | <u>261,325</u> | <u>19,830</u> | <u>9,455</u> | <u>271,700</u> |
| <u>Federal Grants:</u> | | | | |
| Assistance to Firefighters Grant Program | | 238,095 | | 238,095 |
| Assistance to Firefighters Grant - COVID Supplemental | | 5,022 | | 5,022 |
| Bullet Proof Vest Fund-2020 | 2,178 | | 2,178 | - |
| Safe Routes to School | 368,000 | | | 368,000 |
| Bergen County Community Development - Darwin Avenue Street Improvements | 105,800 | | 43,716 | 62,084 |
| Bergen County Community Development - Vanderburgh Ave. Imp. | 46,044 | | | 46,044 |
| Bergen County CDGB - 2019 Handicapped Accessibility Improvements - Borough Hal | - | 92,900 | - | 92,900 |
| Subtotal Federal Grants | <u>522,022</u> | <u>336,017</u> | <u>45,894</u> | <u>812,145</u> |

**BOROUGH OF RUTHERFORD
STATEMENT OF APPROPRIATED GRANT RESERVES
GRANT FUND**

| <u>Grant</u> | Balance, December 31, <u>2020</u> | 2021 <u>Budget</u> | <u>Expended</u> | Balance, December 31, <u>2021</u> |
|--|---|------------------------------|-------------------|---|
| <u>State Grants:</u> | | | | |
| Clean Communities Program - 2020 | \$ 13,140 | | \$ 8,163 | \$ 4,977 |
| Clean Communities Program - 2021 | | \$ 32,269 | 23,965 | 8,304 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2018/19 | 7,211 | | | 7,211 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2019/20 | 10,157 | | 488 | 9,669 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2020/21 | | 4,507 | 482 | 4,025 |
| NJDEP - Community Forestry Management Plan | 30,318 | | | 30,318 |
| 2013-Recreation Opportunities for Individual w/Disabilities | 6,107 | | | 6,107 |
| 2015-Recreation Opportunities for Individual w/Disabilities | 4,685 | | | 4,685 |
| 2018-Recreation Opportunities for Individual w/Disabilities | 349 | | | 349 |
| 2021-Recreation Opportunities for Individual w/Disabilities | | 24,000 | 1,156 | 22,844 |
| Recycling Tonnage Grant - 2021 | | 20,805 | | 20,805 |
| Recycling Tonnage Grant - 2020 | 20,347 | | 20,347 | - |
| NJ Div. of Criminal Justice - Body Armor Replacement Fund 2014 | 2,160 | | 874 | 1,286 |
| NJ Div. of Criminal Justice - Body Armor Replacement Fund 2016 | 3,628 | | | 3,628 |
| NJ Div. of Criminal Justice - Body Armor Replacement Fund 2019 | 954 | | | 954 |
| NJ Div. of Criminal Justice - Body Armor Replacement Fund 2021 | | 3,017 | 2,178 | 839 |
| Alcohol Education and Rehab. Fund - 2010 | 754 | | | 754 |
| Alcohol Education and Rehab. Fund - 2011 | 863 | | | 863 |
| Alcohol Education and Rehab. Fund - 2012 | 594 | | | 594 |
| Alcohol Education and Rehab. Fund - 2013 | 581 | | | 581 |
| Alcohol Education and Rehab. Fund - 2014 | 827 | | | 827 |
| Alcohol Education and Rehab. Fund - 2015 | 707 | | | 707 |
| Alcohol Education and Rehab. Fund - 2016 | 1,632 | | | 1,632 |
| Alcohol Education and Rehab. Fund - 2017 | 2,187 | | | 2,187 |
| Alcohol Education and Rehab. Fund - 2019 | 643 | | | 643 |
| Green Acres - Memorial Park Improvements - 2020 | 148,215 | | 75,167 | 73,048 |
| Green Acres - Walls Field Rain Garden/Bio Retention | 63,420 | | | 63,420 |
| Body Worn Cameras | | 18,342 | | 18,342 |
| NJ Department of Transportation: | | | | |
| 2015 Municipal Aid | 30,042 | | | 30,042 |
| 2020 Municipal Aid - Transit Village | 210,000 | | | 210,000 |
| 2020 Municipal Aid | 195,000 | | 195,000 | - |
| 2020 Municipal Aid | - | 180,587 | - | 180,587 |
| | <u>754,521</u> | <u>283,527</u> | <u>327,820</u> | <u>710,228</u> |
| Subtotal State Grants | | | | |
| | <u>\$ 1,537,868</u> | <u>\$ 639,374</u> | <u>\$ 383,169</u> | <u>\$ 1,794,073</u> |
| | | | <u>\$ 383,169</u> | |
| | | | | |
| | | Grants Receivable \$ 634,008 | | |
| | | Local Match <u>5,366</u> | | |
| | | <u>\$ 639,374</u> | | |

**BOROUGH OF RUTHERFORD
STATEMENT OF UNAPPROPRIATED GRANT RESERVES
GRANT FUND**

| <u>Grant</u> | <u>Balance</u> December 31, 2020 | <u>Receipts</u> | <u>2021 Budget</u> | <u>Balance</u> December 31, 2021 |
|--------------------------------------|-------------------------------------|-----------------------|--------------------|-------------------------------------|
| Local Grants: | | | | |
| Police Donations - Helmets/Equipment | \$ 750 | \$ 4,087 | \$ 750 | \$ 4,087 |
| Winter Festival | <u>75</u> | <u>-</u> | <u>-</u> | <u>75</u> |
| Subtotal Local Grants | <u>825</u> | <u>4,087</u> | <u>750</u> | <u>4,162</u> |
| Federal Grants: | | | | |
| American Rescue Plan | <u>-</u> | <u>957,874</u> | <u>-</u> | <u>957,874</u> |
| Subtotal Federal Grants | <u>-</u> | <u>957,874</u> | <u>-</u> | <u>957,874</u> |
| Grand Totals | <u>\$ 825</u> | <u>\$ 961,961</u> | <u>\$ 750</u> | <u>\$ 962,036</u> |
| | | Due from Current Fund | | <u>\$ 961,961</u> |

**STATEMENT OF DUE TO CURRENT FUND
GRANT FUND**

| | |
|---|--------------|
| Balance, December 31, 2020 | \$ 451,920 |
| Increased by: | |
| Grant Expenditures Paid by Current Fund | \$ 383,169 |
| Receipts from Current Fund | 539,088 |
| Interest Earned | <u>30</u> |
| | 922,287 |
| Receipts from Current Fund | 1,374,207 |
| Decreased by: | |
| Grant Receipts Deposited in Current Fund | 339,760 |
| Unappropriated Grant Reserves Deposited in Current Fund | 961,961 |
| Payments to Current Fund | 67,120 |
| 2021 Budget Appropriations - Local Match | <u>5,366</u> |
| | 1,374,207 |
| Balance, December 31, 2021 | <u>\$ -</u> |

TRUST FUNDS

**BOROUGH OF RUTHERFORD
STATEMENT OF CASH**

| | <u>Animal Control Fund</u> | <u>Other Trust Fund</u> | <u>Unemployment Insurance Trust Fund</u> | <u>COAH Trust Fund</u> |
|---|--------------------------------|-----------------------------|--|----------------------------|
| Balance - December 31, 2020 | \$ 3 | \$ 1,851,627 | \$ 103,726 | \$ 1,156,569 |
| Increased by Receipts: | | | | |
| Dog License Fees - Borough Share | \$ 2,561 | | | |
| Dog License Fees - State Share | 749 | | | |
| Miscellaneous Reserves | | \$ 1,487,952 | | |
| Builders/Special Escrow Deposits | | 211,102 | | |
| Payroll Deductions Payable | | 9,114,958 | \$ 16,052 | |
| Accrued Salaries & Wages | | 8,902,081 | | |
| COAH Fees | | | | \$ 325,000 |
| Interest on Deposits | <u>-</u> | <u>15,119</u> | <u>556</u> | <u>13,729</u> |
| | <u>3,310</u> | <u>19,731,212</u> | <u>16,608</u> | <u>338,729</u> |
| | 3,313 | 21,582,839 | 120,334 | 1,495,298 |
| Decreased by Disbursements: | | | | |
| Payments to Current Fund | | 1,190,160 | | |
| Miscellaneous Reserves | | 29,516 | | |
| Reserve for Animal Control Expenditures | 2,561 | | | |
| Payments to State of New Jersey | 752 | | 1,120 | |
| Payroll Deductions Payable | | 9,102,843 | | |
| Accrued Salaries & Wages | <u>-</u> | <u>8,902,081</u> | <u>-</u> | <u>-</u> |
| | <u>3,313</u> | <u>19,224,600</u> | <u>1,120</u> | <u>-</u> |
| Balance - December 31, 2021 | <u>\$ -</u> | <u>\$ 2,358,239</u> | <u>\$ 119,214</u> | <u>\$ 1,495,298</u> |

**BOROUGH OF RUTHERFORD
ANIMAL CONTROL TRUST FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

| | | |
|-------------------------------|--|--------------|
| Increased by: | | |
| Animal Control Fees Collected | | \$ 2,561 |
| Decreased by: | | |
| Expenditures | | <u>2,561</u> |
| Balance, December 31, 2021 | | <u>\$ -</u> |

EXHIBIT B-3

**ANIMAL CONTROL TRUST FUND
STATEMENT OF DUE TO STATE OF NEW JERSEY**

| | | |
|------------------------------------|--|-------------|
| Balance, December 31, 2020 | | \$ 3 |
| Increased by: | | |
| State of New Jersey Fees Collected | | <u>749</u> |
| | | 752 |
| Decreased by: | | |
| Payments to State of New Jersey | | <u>752</u> |
| Balance, December 31, 2021 | | <u>\$ -</u> |

EXHIBIT B-4

**STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

| | Balance, December 31, <u>2020</u> | <u>Receipts</u> | <u>Decreased</u> | Balance, December 31, <u>2021</u> |
|--|---|---------------------|---------------------|---|
| Recreation Commission | \$ 296,448 | \$ 299,264 | \$ 200,905 | \$ 394,807 |
| Recycling Trust Program | 2,215 | | | 2,215 |
| Parking Offense Adjudication Fund | 35,156 | 3,066 | | 38,222 |
| Fire Safety Penalties | 72,810 | 15,217 | 41,322 | 46,705 |
| Tax Sale Premiums | 407,400 | 611,800 | 441,400 | 577,800 |
| Field House Security Deposit | 425 | | | 425 |
| Municipal Alliance Against Drugs | 2,168 | | | 2,168 |
| Police Forfeited Funds | 142,998 | 336,926 | 88,456 | 391,468 |
| Flexible Spending Account | 2,817 | 15,322 | 15,681 | 2,458 |
| Outside Police Duty | 111,175 | 197,750 | 171,100 | 137,825 |
| Multicultural Account | 5,026 | 6,414 | 3,837 | 7,603 |
| Downtown Rutherford Bucks | 1,885 | | | 1,885 |
| Business Initiative Advisory Committee | 65,534 | 339 | | 65,873 |
| Donations | <u>16,922</u> | <u>1,854</u> | <u>2,146</u> | <u>16,630</u> |
| | <u>\$ 1,162,979</u> | <u>\$ 1,487,952</u> | <u>\$ 964,847</u> | <u>\$ 1,686,084</u> |
| | | | \$ 935,331 | |
| | | | <u>29,516</u> | |
| | | | <u>\$ 964,847</u> | |
| | | | Due to Current Fund | |
| | | | Cash Disbursements | |

**BOROUGH OF RUTHERFORD
STATEMENT OF BUILDERS/SPECIAL ESCROW DEPOSITS
OTHER TRUST FUND**

| | | |
|-------------------------------|-------------------------|------------|
| Balance, December 31, 2020 | | \$ 303,046 |
| Increased by: | | |
| Cash Receipts | | 211,102 |
| | | 514,148 |
| Decreased by: | | |
| Payments Made by Current Fund | | 233,895 |
| Balance, December 31, 2021 | | \$ 280,253 |
| | Developers Escrow | \$ 168,260 |
| | Performance Bond Escrow | 74,335 |
| | Shade Tree Escrow | 37,658 |
| | | \$ 280,253 |

EXHIBIT B-6

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE TRUST FUND
UNEMPLOYMENT INSURANCE TRUST FUND**

| | | |
|----------------------------|-----------|-----------|
| Balance, December 31, 2020 | | \$ 94,098 |
| Increased by: | | |
| Employee Contributions | \$ 16,052 | |
| Interest on Deposits | 556 | |
| | | 16,608 |
| | | 110,706 |
| Decreased by: | | |
| Due to State of New Jersey | | 26,727 |
| Balance, December 31, 2021 | | \$ 83,979 |

EXHIBIT B-7

**STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT INSURANCE TRUST FUND**

| | | |
|----------------------------|--|-----------|
| Balance, December 31, 2020 | | \$ 9,628 |
| Increased by: | | |
| Unemployment Claims | | 26,727 |
| | | 36,355 |
| Decreased by: | | |
| Cash Disbursements | | 1,120 |
| Balance, December 31, 2021 | | \$ 35,235 |

**BOROUGH OF RUTHERFORD
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
PAYROLL AGENCY TRUST FUND**

| | |
|----------------------------|-------------------|
| Balance, December 31, 2020 | \$ 96,899 |
| Increased by: | |
| Cash Receipts | <u>9,114,958</u> |
| | 9,211,857 |
| Decreased by: | |
| Cash Disbursements | <u>9,102,843</u> |
| Balance, December 31, 2021 | <u>\$ 109,014</u> |

**STATEMENT OF RESERVE FOR COAH EXPENDITURES
COAH TRUST FUND**

| | |
|----------------------------|---------------------|
| Balance, December 31, 2020 | \$ 1,156,569 |
| Increased by: | |
| Developer Fees | \$ 325,000 |
| Interest on Deposits | <u>13,729</u> |
| | <u>338,729</u> |
| Balance, December 31, 2021 | <u>\$ 1,495,298</u> |

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

| | |
|---|-------------------|
| Balance, December 31, 2020 | \$ 288,703 |
| Increased by: | |
| Other Trust Expenditures Paid by Current Fund | \$ 1,169,226 |
| Interest on Deposits | <u>15,119</u> |
| | <u>1,184,345</u> |
| | 1,473,048 |
| Decreased by: | |
| Payments to Current Fund | <u>1,190,160</u> |
| Balance, December 31, 2021 | <u>\$ 282,888</u> |

GENERAL CAPITAL FUND

**BOROUGH OF RUTHERFORD
STATEMENT OF CASH**

| | | |
|---|------------|---------------|
| Balance, December 31, 2020 | | \$ 21,093,406 |
| Increased by: | | |
| Capital Improvement Fund | \$ 270,000 | |
| Current Fund Budget Appropriation: | | |
| Deferred Charges Unfunded - Unfunded Improvement Authorizations | 17,627 | |
| | | 287,627 |
| | | 21,381,033 |
| Decreased by: | | |
| Improvement Authorizations | 463,008 | |
| Encumbrances Payable | 5,832,809 | |
| Current Fund Anticipated Revenue | 75,000 | |
| | | 6,370,817 |
| Balance, December 31, 2021 | | \$ 15,010,216 |

**BOROUGH OF RUTHERFORD
STATEMENT OF CAPITAL CASH
DECEMBER 31, 2021**

| | |
|-----------------------------------|------------|
| Fund Balance | \$ 847,920 |
| Encumbrances Payable | 10,715,833 |
| Capital Improvement Fund | 20,017 |
| Reserve for Building Improvements | 487,362 |

Improvement Authorizations:

| Ordinance Number | <u>Improvement Description</u> | |
|---------------------|--|---------------|
| 3206-10 | Kids Spot | 33,982 |
| 3245-11 | WWI Monument Improvements | 1,677 |
| 3292-13 | General Capital Improvements | 4,093 |
| 3337-14 | General Capital Improvements | 2,646 |
| 3369-15 | General Capital Improvements | 101,649 |
| 3395-16 | General Capital Improvements | 77,077 |
| 3425-17 | General Capital Improvements | 58,699 |
| 3426-17 | General Capital Improvements | 42,131 |
| 3460-18 | General Capital Improvements | 169,352 |
| 3461-18 | General Capital Improvements | 323,611 |
| 3476-18 | Construction of Police Department Headquarters | 738,858 |
| 3497-19 | General Capital Improvements | 262,931 |
| 3498-19 | General Capital Improvements | 302,832 |
| 3525-20 | General Capital Improvements | 471,989 |
| 3526-20 | General Capital Improvements | 1,422,155 |
| 3560-21 | General Capital Improvements | (1,159,598) |
| 3561-21 | General Capital Improvements | 85,000 |
| | | 85,000 |
| | | \$ 15,010,216 |

BOROUGH OF RUTHERFORD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

| | | |
|----------------------------|---------------|----------------------|
| Balance, December 31, 2020 | | \$ 27,404,180 |
| Decreased by: | | |
| Serial Bond Payments | \$ 1,725,000 | |
| Green Trust Loan Payments | <u>39,071</u> | |
| | | <u>1,764,071</u> |
| Balance, December 31, 2021 | | <u>\$ 25,640,109</u> |

**BOROUGH OF RUTHERFORD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

| Ord. No. | Improvement Description | Balance, December 31, 2020 | 2021 Authorizations | Funded by Budget Appropriation | Balance, December 31, 2021 | Analysis of Balance | |
|-------------|---|----------------------------------|------------------------|--------------------------------------|----------------------------------|---------------------|---|
| | | | | | | Expenditures | Unexpended Improvement Authorizations |
| 3312-13 | Memorial Field & Lincoln Woods Improvements | \$ 13,877 | | \$ 13,877 | | | |
| 3460-18 | General Capital Improvements | 3,750 | | 3,750 | | | |
| 3560-21 | General Capital Improvements | - | \$ 1,615,000 | - | \$ 1,615,000 | \$ 1,159,598 | \$ 455,402 |
| | | <u>\$ 17,627</u> | <u>\$ 1,615,000</u> | <u>\$ 17,627</u> | <u>\$ 1,615,000</u> | <u>\$ 1,159,598</u> | <u>\$ 455,402</u> |

STATEMENT OF NEW JERSEY GREEN TRUST LOAN PAYABLE

| Purpose | Date of Issue | Amount of | | Interest Rate | Balance, December 31, 2020 | Increased | Decreased | Balance, December 31, 2021 |
|---|------------------|-------------------|---------------------------|------------------|----------------------------------|-------------|------------------|----------------------------------|
| | | Original Issue | Semi-Annual Maturities | | | | | |
| Development of Waterfront Park | 2013 | \$ 335,074 | \$17,061 to \$21,663 | 2.000% | \$ 267,336 | | \$ 16,725 | \$ 250,611 |
| Improvements to Wall Field | 2017 | 316,944 | \$14,406 to \$19,417 | 2.000% | 282,844 | | 14,122 | 268,722 |
| Memorial Field and Lincoln Wood Project | 2020 | 194,000 | \$8,390 to \$11,767 | 2.000% | 194,000 | - | 8,224 | 185,776 |
| | | | | | <u>\$ 744,180</u> | <u>\$ -</u> | <u>\$ 39,071</u> | <u>\$ 705,109</u> |

**BOROUGH OF RUTHERFORD
STATEMENT OF GENERAL SERIAL BONDS**

| <u>Purpose</u> | <u>Date of Issue</u> | Amount of Original <u>Issue</u> | <u>Bonds Outstanding at December 31, 2021</u> | | <u>Interest Rate</u> | Balance, December 31, <u>2020</u> | <u>Decreased</u> | Balance, December 31, <u>2021</u> |
|---------------------------------|----------------------|---------------------------------------|---|------------|----------------------|---|----------------------|---|
| General Obligation Bonds - 2018 | 11/29/2018 | \$ 9,950,000 | 11/1/2022 | \$ 830,000 | 3.000% | \$ 8,630,000 | \$ 800,000 | \$ 7,830,000 |
| | | | 11/1/2023 | 850,000 | 3.000% | | | |
| | | | 11/1/2024 | 900,000 | 3.000% | | | |
| | | | 11/1/2025 | 950,000 | 3.000% | | | |
| | | | 11/1/2026 | 950,000 | 4.000% | | | |
| | | | 11/1/2027 | 950,000 | 4.000% | | | |
| | | | 11/1/2028 | 950,000 | 3.250% | | | |
| | | | 11/1/2029 | 950,000 | 3.375% | | | |
| | | | 11/1/2030 | 500,000 | 3.500% | | | |
| | | | General Obligation Bonds - 2020 | 12/16/2020 | 18,030,000 | | | |
| 11/1/2023 | 950,000 | 2.000% | | | | | | |
| 11/1/2024 | 900,000 | 2.000% | | | | | | |
| 11/1/2025-27 | 850,000 | 2.000-3.000% | | | | | | |
| 11/1/2028-29 | 550,000 | 3.000% | | | | | | |
| 11/1/2030 | 625,000 | 3.000% | | | | | | |
| 11/1/2031 | 1,100,000 | 3.000% | | | | | | |
| 11/1/2032 | 1,075,000 | 2.000% | | | | | | |
| 11/1/2033 | 1,050,000 | 2.000% | | | | | | |
| 11/1/2034-35 | 725,000 | 2.000% | | | | | | |
| 11/1/2036-37 | 625,000 | 2.000% | | | | | | |
| 11/1/2038 | 750,000 | 2.000% | | | | | | |
| 11/1/2039-42 | 700,000 | 0.050-2.000% | | | | | | |
| 11/1/2043 | 580,000 | 2.000% | | | | | | |
| | | | | | <u>\$ 26,660,000</u> | <u>\$ 1,725,000</u> | <u>\$ 24,935,000</u> | |

**BOROUGH OF RUTHERFORD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

| Ord. No. | Improvement Description | Balance, December 31, 2020 | | 2021 Authorizations | | Paid or Charged | Encumbrances Payable Cancelled | Balance, December 31, 2021 | |
|-------------|--|-------------------------------|-----------------|------------------------------|-----------------------------|----------------------|--------------------------------------|-------------------------------|-------------------|
| | | Funded | Unfunded | Deferred Charges Unfunded | Capital Improvement Fund | | | Funded | Unfunded |
| 3206-10 | Kids Spot | \$ 33,982 | | | | | | \$ 33,982 | |
| 3245-11 | WWI Monument Improvements | 1,677 | | | | | | 1,677 | |
| 3292-13 | General Capital Improvements | 4,093 | | | | | | 4,093 | |
| 3337-14 | General Capital Improvements | 43,002 | | | | \$ 40,356 | | 2,646 | |
| 3369-15 | General Capital Improvements | 132,691 | | | | 31,042 | | 101,649 | |
| 3395-16 | General Capital Improvements | 57,567 | | | | | \$ 19,510 | 77,077 | |
| 3425-17 | General Capital Improvements | 99,935 | | | | 41,236 | | 58,699 | |
| 3426-17 | General Capital Improvements | 42,131 | | | | | | 42,131 | |
| 3460-18 | General Capital Improvements | 179,102 | \$ 3,750 | | | 13,500 | | 169,352 | |
| 3461-18 | General Capital Improvements | 367,894 | | | | 44,283 | | 323,611 | |
| 3476-18 | Construction of Police Department Headquarters | 797,163 | | | | 58,305 | | 738,858 | |
| 3497-19 | General Capital Improvements | 733,697 | | | | 470,766 | | 262,931 | |
| 3498-19 | General Capital Improvements | 324,310 | | | | 21,478 | | 302,832 | |
| 3525-20 | General Capital Improvements | 563,861 | | | | 91,872 | | 471,989 | |
| 3526-20 | General Capital Improvements | 1,752,334 | | | | 330,179 | | 1,422,155 | |
| 3560-21 | General Capital Improvements | | | \$ 1,615,000 | \$ 85,000 | 1,244,598 | | | \$ 455,402 |
| 3561-21 | General Capital Improvements | - | - | - | 185,000 | 100,000 | - | 85,000 | - |
| | | <u>\$ 5,133,439</u> | <u>\$ 3,750</u> | <u>\$ 1,615,000</u> | <u>\$ 270,000</u> | <u>\$ 2,487,615</u> | <u>\$ 19,510</u> | <u>\$ 4,098,682</u> | <u>\$ 455,402</u> |
| | | | | | | Cash Disbursements | \$ 463,008 | | |
| | | | | | | Encumbrances Payable | <u>2,024,607</u> | | |
| | | | | | | | <u>\$ 2,487,615</u> | | |

**BOROUGH OF RUTHERFORD
STATEMENT OF ENCUMBRANCES PAYABLE**

| | | |
|----------------------------|---------------|----------------------|
| Balance, December 31, 2020 | | \$ 14,543,545 |
| Increased by: | | |
| Contracts Awarded | | <u>2,024,607</u> |
| | | 16,568,152 |
| Decreased by: | | |
| Cash Disbursements | \$ 5,832,809 | |
| Encumbrances Cancelled | <u>19,510</u> | |
| | | <u>5,852,319</u> |
| Balance, December 31, 2021 | | <u>\$ 10,715,833</u> |

STATEMENT OF CAPITAL IMPROVEMENT FUND

| | | |
|--|--|------------------|
| Balance, December 31, 2020 | | \$ 20,017 |
| Increased by: | | |
| Budget Appropriation | | <u>270,000</u> |
| | | 290,017 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>270,000</u> |
| Balance, December 31, 2021 | | <u>\$ 20,017</u> |

STATEMENT OF RESERVE FOR HVAC AND BUILDING IMPROVEMENTS

| | | |
|----------------------------|--|-------------------|
| Balance, December 31, 2020 | | <u>\$ 487,362</u> |
| Balance, December 31, 2021 | | <u>\$ 487,362</u> |

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Ordinance Number | Improvement Description | Balance, December 31, 2020 | 2021 Authorizations | Funded by Budget Appropriation | Balance, December 31, 2021 |
|---------------------|---|----------------------------------|------------------------|--------------------------------------|----------------------------------|
| 3312-13 | Memorial Field & Lincoln Woods Improvements | \$ 13,877 | | \$ 13,877 | |
| 3460-18 | General Capital Improvements | 3,750 | | 3,750 | |
| 3560-21 | General Capital Improvements | <u>-</u> | \$ 1,615,000 | <u>-</u> | \$ 1,615,000 |
| | | <u>\$ 17,627</u> | <u>\$ 1,615,000</u> | <u>\$ 17,627</u> | <u>\$ 1,615,000</u> |

PUBLIC ASSISTANCE FUND

BOROUGH OF RUTHERFORD
STATEMENT OF PUBLIC ASSISTANCE CASH

| | <u>Total</u> | <u>P.A.T.F. Account #1</u> | <u>P.A.T.F. Account #2</u> |
|-----------------------------|-------------------|--------------------------------|--------------------------------|
| Balance - December 31, 2020 | \$ 107,406 | \$ 28,583 | \$ 78,823 |
| Increased by: | | | |
| Donations | 1,600 | 1,600 | - |
| Interest on Deposits | 512 | 136 | 376 |
| SSI Reimbursement | <u>10,185</u> | <u>-</u> | <u>10,185</u> |
| | <u>12,297</u> | <u>1,736</u> | <u>10,561</u> |
| | <u>119,703</u> | <u>30,319</u> | <u>89,384</u> |
| Decreased by: | | | |
| Public Assistance Claims | 13,155 | | 13,155 |
| Other | 4,192 | 4,192 | |
| Payments to Current Fund | <u>512</u> | <u>136</u> | <u>376</u> |
| | <u>17,859</u> | <u>4,328</u> | <u>13,531</u> |
| Balance - December 31, 2021 | <u>\$ 101,844</u> | <u>\$ 25,991</u> | <u>\$ 75,853</u> |

STATEMENT OF PUBLIC ASSISTANCE REVENUES

| | <u>Total</u> | <u>Account #1</u> | <u>Account #2</u> |
|------------------------------|------------------|-------------------|-------------------|
| State Aid Payments | \$ - | | \$ - |
| Donations | \$ 1,600 | \$ 1,600 | |
| Supplemental Security Income | 10,185 | | \$ 10,185 |
| Interest on Deposits | <u>512</u> | <u>136</u> | <u>376</u> |
| Total Revenues | <u>\$ 12,297</u> | <u>\$ 1,736</u> | <u>\$ 10,561</u> |

BOROUGH OF RUTHERFORD
STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

| | <u>Total</u> | <u>P.A.T.F. Account #1</u> | <u>P.A.T.F. Account #2</u> |
|-------------------------------|------------------|--------------------------------|--------------------------------|
| Expenditures Reported on GA-6 | | | |
| Maintenance Payments | \$ 4,709 | | \$ 4,709 |
| Other: | | | |
| Temporary Rental Assistance | 2,386 | | 2,386 |
| Security Deposit | 2,530 | | 2,530 |
| Rent | 2,775 | | 2,775 |
| Utilities | 755 | | 755 |
| Other | 4,192 | \$ 4,192 | |
| Payments to Current Fund | <u>512</u> | <u>136</u> | <u>376</u> |
| Total Disbursements | <u>\$ 17,859</u> | <u>\$ 4,328</u> | <u>\$ 13,531</u> |

EXHIBIT D-4

SCHEDULE OF DUE TO STATE OF NEW JERSEY

| | |
|---------------------------------|------------------|
| Balance, December 31, 2020 | \$ 78,823 |
| Increased by: | |
| Receipts - Public Assistance #2 | <u>10,185</u> |
| | 89,008 |
| Decreased by: | |
| Public Assistance Claims | <u>13,155</u> |
| Balance, December 31, 2021 | <u>\$ 75,853</u> |

EXHIBIT D-5

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

| | |
|----------------------------|------------------|
| Balance, December 31, 2020 | \$ 28,583 |
| Increased by: | |
| Donations | <u>1,600</u> |
| | 30,183 |
| Decreased by: | |
| Cash Disbursements | <u>4,192</u> |
| Balance, December 31, 2021 | <u>\$ 25,991</u> |

BOROUGH OF RUTHERFORD
BERGEN COUNTY, NEW JERSEY

PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
176 Park Avenue
Rutherford, New Jersey 07070

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Rutherford as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2022. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Rutherford's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

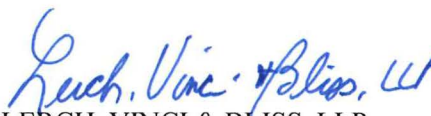
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Rutherford’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
August 22, 2022

BOROUGH OF RUTHERFORD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

| Name of Federal Agency or Department | Grant Program | Federal CFDA Number | Grant Award | Grant Receipts | Balance January 1, 2021 | Revenues | Expended | Adjustments | Balance, December 31, 2021 | Cumulative Total Expenditures |
|--|---|---------------------------|-------------|-------------------|-------------------------------|-------------------|------------------|-------------|----------------------------------|-------------------------------------|
| Department of Housing and Urban Development | | | | | | | | | | |
| <u>Pass Through Funds:</u> | <u>Community Development Block Grant -</u> | | | | | | | | | |
| County of Bergen | Vanderburgh Ave. Improvements | 14.218 | \$ 66,680 | | \$ 46,044 | | | | \$ 46,044 | \$ 20,636 |
| | Darwin Avenue Street Improvements | 14.218 | 105,800 | | 105,800 | | \$ 43,716 | | 62,084 | 43,716 |
| | Handicapped Accessibility - Borough Hall | 14.218 | 92,900 | | | \$ 92,900 | | | 92,900 | - |
| U.S. Department of Justice | <u>Bullet Proof Vest Program</u> | | | | | | | | | |
| | Bullet Proof Vest Program - 2020 | 16.607 | 2,178 | \$ 2,178 | 2,178 | | 2,178 | | - | 2,178 |
| U.S. Department of Homeland Security | Assistance to Firefighters Grant | 97.044 | 238,095 | | | 238,095 | | | 238,095 | - |
| | Assistance to Firefighters Grant - COVID Supplemental | 97.044 | 5,022 | | | 5,022 | | | 5,022 | - |
| U.S. Department of Treasury | | | | | | | | | | |
| <u>Pass Through Funds:</u> | | | | | | | | | | |
| NJ Dept. of Community Affairs | American Rescue Plan | 21.027 | 1,915,748 | 957,874 | | | | | - | 1,915,748 |
| 38 NJ Dept. of Law and Public Safety | Public Assistance - Coronavirus Pandemic | 97.036 | 3,871 | 3,871 | | 3,871 | 3,871 | | - | 3,871 |
| | Public Assistance - Tropical Storm Isaias | 97.036 | 22,663 | 22,663 | | 22,663 | 22,663 | | - | |
| U.S. Department of Transportation | | | | | | | | | | |
| <u>Pass Through Funds:</u> | | | | | | | | | | |
| NJ Dept. of Trans. | Safe Routes to School | 20.205 | 368,000 | | 368,000 | - | - | - | 368,000 | - |
| | | | | | <u>\$ 522,022</u> | <u>\$ 362,551</u> | <u>\$ 72,428</u> | <u>\$ -</u> | <u>\$ 812,145</u> | <u>\$ 1,986,149</u> |

The above schedule is not subject to an audit in accordance with U.S. Uniform Guidance

BOROUGH OF RUTHERFORD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

| <u>State Grantor Department</u> | <u>Program Title</u> | <u>Grant Number</u> | <u>Grant Award</u> | <u>Grant Receipts</u> | <u>Balance, January 1, 2021</u> | <u>Revenues</u> | <u>Expended</u> | <u>Adjustments</u> | <u>Balance December 31, 2021</u> | <u>Cumulative Expenditures</u> | |
|--|--|----------------------------|---|-----------------------|---------------------------------|-------------------|-------------------|--------------------|----------------------------------|--------------------------------|---------|
| Division of Motor Vehicles | Municipal Court Alcohol Education and Rehabilitation | 9735-760-060000-60 | \$ 756 | | \$ 754 | | | | \$ 754 | \$ 2 | |
| | | | 863 | | 863 | | | | 863 | - | |
| | | | 594 | | 594 | | | | 594 | - | |
| | | | 581 | | 581 | | | | 581 | - | |
| | | | 827 | | 827 | | | | 827 | - | |
| | | | 707 | | 707 | | | | 707 | - | |
| | | | 1,632 | | 1,632 | | | | 1,632 | - | |
| | | | 2,188 | | 2,187 | | | | 2,187 | 1 | |
| | | | 643 | | 643 | | | 643 | - | | |
| Division of Criminal Justice | Body Armor Fund | 1020-718-066-1020-001 | | | | | | | | | |
| | | | Body Armor Fund - 2014 | 3,874 | | 2,160 | | \$ 874 | 1,286 | 2,588 | |
| | | | Body Armor Fund - 2016 | 3,628 | | 3,628 | | | 3,628 | - | |
| | | | Body Armor Fund - 2019 | 4,140 | | 954 | | | 954 | 3,186 | |
| | | | Body Armor Fund - 2021 | 3,017 | \$ 3,017 | | \$ 3,017 | 2,178 | 839 | 2,178 | |
| Department of Human Services | General Assistance | 7500-150-15801060 A/C#2 | 10,185 | 10,185 | 78,823 | 10,185 | 13,155 | | 75,853 | | |
| | | | | | | | | | | | |
| Department of Community Affairs | Recreational Opportunities for Individuals with Disabilities | N/A | 18,000 | | 6,107 | | | | 6,107 | 11,893 | |
| | | | 24,000 | | | 24,000 | 1,156 | 22,844 | 1,156 | | |
| | | | 20,000 | | 4,685 | | | 4,685 | 15,315 | | |
| | | | 20,000 | | 349 | | | 349 | 19,651 | | |
| Department of Environmental Protection | Clean Communities Program | 4900-765-178900-60 | 32,269 | | | 32,269 | 23,965 | | 8,304 | 23,965 | |
| | | | 30,311 | | 13,140 | | 8,163 | 4,977 | 25,334 | | |
| | Recycling Tonnage Grant | 4900-752-042-4900 | 20,347 | | 20,347 | | 20,347 | | - | 20,347 | |
| | | | 20,805 | 20,805 | | 20,805 | | 20,805 | - | | |
| | Green Acres - Memorial and Lincoln Field Improvements | 0256-12-031 | 194,000 | | | | | | | | |
| | | | Green Acres - Walls Field Rain Garden | N/A | | 148,215 | | 75,167 | 73,048 | 75,167 | |
| | | | Green Acres - Memorial Field Improvements | N/A | | 63,420 | | | 63,420 | | |
| | | | Green Acres - Kids Spot | N/A | | 60,000 | | 33,982 | | - | 60,000 |
| | | | Community Forestry Management Plan | N/A | 150,000 | 119,682 | 30,318 | | | 30,318 | 119,682 |
| Bergen County Municipal Alliance Grant | Governor's Alcohol and Drug Abuse Prevention | 110-448-031020-22 | 11,677 | 578 | 7,211 | | | | 7,211 | 4,466 | |
| | | | 11,312 | 3,576 | 10,157 | | | 9,669 | 1,643 | | |
| | | | 4,507 | | | 4,507 | 488 | 4,025 | 482 | | |
| Division of Criminal Justice | Body Worn Cameras | N/A | 18,342 | | | 18,342 | | 18,342 | - | | |
| Department of Transportation | Transportation Trust Fund | | | | | | | | | | |
| | | | 2015 Municipal Road Aid Projects | 6320-480-078-6320 | 149,000 | | 30,042 | | | 30,042 | 118,958 |
| | | | 2020 Municipal Road Aid Projects | 6320-480-078-6320 | 195,000 | | 195,000 | | 195,000 | - | 195,000 |
| | | | 2020 Transit Village | 6320-480-078-6320 | 210,000 | | 210,000 | | | 210,000 | - |
| | | | 2021 Municipal Road Aid Projects | 6320-480-078-6320 | 180,587 | | - | 180,587 | | - | 180,587 |
| | | | | | <u>\$ 867,326</u> | <u>\$ 293,712</u> | <u>\$ 340,975</u> | <u>\$ 33,982</u> | <u>\$ 786,081</u> | | |

The above schedule is not subject to an audit in accordance with NJ OMB Circular 15-08.

**BOROUGH OF RUTHERFORD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Rutherford. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|------------------------------|-------------------|-------------------|-------------------|
| Current Fund | \$ 362,551 | \$ 283,527 | \$ 646,078 |
| Public Assistance Trust Fund | <u>-</u> | <u>10,185</u> | <u>10,185</u> |
| | <u>\$ 362,551</u> | <u>\$ 293,712</u> | <u>\$ 656,263</u> |

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF RUTHERFORD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2021**

NOTE 5 STATE LOANS OUTSTANDING

The Borough’s state loans outstanding at December 31, 2021, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

| <u>Loan Program</u> | <u>Federal CFDA Number/ State Account Number</u> | <u>State</u> |
|---|--|-------------------|
| Development of Waterfront Park | #0256-07-018 | \$ 250,611 |
| Improvements to Wall Field | #0256-10-025 | 268,722 |
| Memorial and Lincoln Field Improvements | #0256-12-031 | <u>185,776</u> |
| | | <u>\$ 705,109</u> |

**BOROUGH OF RUTHERFORD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part I – Summary of Auditor’s Results

Financial Statement Section

- | | | |
|---|--|----------------------------|
| A) Type of auditors' report issued: | <u>Modified (Presentation of Unaudited LOSAP Trust Fund)</u> | |
| B) Internal control over financial reporting: | | |
| 1) Material weakness(es) identified? | _____ yes | <u> X </u> no |
| 2) Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ yes | <u> X </u> none reported |
| C) Noncompliance material to basic financial statements noted? | _____ yes | <u> X </u> no |

Federal Awards Section

Not Applicable

State Awards Section

Not Applicable

**BOROUGH OF RUTHERFORD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**BOROUGH OF RUTHERFORD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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

CURRENT YEAR STATE AWARDS

Not Applicable.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

**BOROUGH OF RUTHERFORD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identified the status of prior-year findings related to the financial statements – regulatory basis and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF RUTHERFORD

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

**BOROUGH OF RUTHERFORD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|----------------------------------|------------------------|------------------------|------------------------|
| <u>Tax Rate</u> | <u>\$2.929</u> | <u>\$2.851</u> | <u>\$2.739</u> |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | .881 | .859 | .844 |
| Library | .039 | .038 | .036 |
| County | .281 | .271 | .256 |
| County Open Space | .011 | .011 | .011 |
| Local School | 1.717 | 1.672 | 1.592 |
| <u>Assessed Valuation</u> | | | |
| 2021 | <u>\$2,721,634,280</u> | | |
| 2020 | | <u>\$2,719,205,927</u> | |
| 2019 | | | <u>\$2,716,191,971</u> |

Comparison of Tax Levies and Collection Currently

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
|-------------|-----------------|-------------------------|---|
| 2021 | \$ 79,886,277 | \$ 79,294,927 | 99.26% |
| 2020 | 77,647,523 | 76,919,186 | 99.06% |
| 2019 | 74,516,166 | 73,858,242 | 99.12% |

**BOROUGH OF RUTHERFORD
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

| <u>December 31 Year</u> | <u>Amount of Delinquent Taxes</u> | <u>Tax Title Lien</u> | <u>Total</u> | <u>Percentage of Tax Levy</u> |
|-----------------------------|---|---------------------------|--------------|---------------------------------------|
| 2021 | \$ 553,966 | \$ 64,880 | \$ 618,846 | 0.77% |
| 2020 | 613,653 | 63,052 | 676,705 | 0.87% |
| 2019 | 496,552 | 60,701 | 557,253 | 0.75% |

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2021 by foreclosure or deed, as a result of liquidation of tax title liens. The value of property acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2021 | \$7,025 |
| 2020 | 7,025 |
| 2019 | 7,025 |

Comparative Schedule of Fund Balance

| | <u>Year</u> | <u>Balance, December 31</u> | <u>Utilized In Budget of Succeeding Year</u> |
|--------------|-------------|---------------------------------|--|
| Current Fund | 2021 | \$9,408,213 | \$3,050,000 |
| | 2020 | 8,125,033 | 2,750,000 |
| | 2019 | 7,954,793 | 2,850,000 |
| | 2018 | 7,477,586 | 2,725,000 |
| | 2017 | 6,966,869 | 2,425,000 |

**BOROUGH OF RUTHERFORD
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE

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

| <u>Name</u> | <u>Title</u> |
|---------------------|---|
| Frank Nunziato | Mayor |
| Mark Goldsack | Council President |
| Thomas Mullahey | Councilman |
| Stephanie McGowan | Councilwoman |
| Matthew Cokeley | Councilman |
| Raymond Guzman | Councilman |
| Maria Begg-Roberson | Councilwoman |
| Robert J. Kakoleski | Borough Administrator |
| Caryn Miller | Tax Collector |
| Gordon L. Stelter | Chief Financial Officer |
| Margaret Scanlon | Borough Clerk |
| Robert Ferraro | Borough Attorney |
| Jillian Andrews | Court Administrator |
| Joanne Cocchiola | Judge |
| John R. Russo | Police Chief |
| Christopher Seidler | Department of Public Works Superintendent |
| Jessica Lezcano | Recreation Director |
| Brian O'Keefe | Health Officer |
| Frank Recanati | Construction Official |
| Paul Dansbach | Fire Protection Inspector |
| Denis McGuire | Tax Assessor (1/1/2021-6/30/2021) |
| Michele Hennessey | Tax Assessor (7/1/2021-12/31/2021) |
| Genevieve Kacmarcik | Welfare Director |

BOROUGH OF RUTHERFORD

GENERAL COMMENTS

Our comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation fraud during the examination are herewith set forth.

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500 except by contract or agreement." If the municipality has a qualifying purchasing agent ("QPA"), the bid threshold can be increased to \$44,000 effective July 1, 2020. The Borough Council has approved the Chief Financial Officer as its QPA.

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

The minutes indicate that bids were requested by public advertising for the Demolition of Tamblyn Field House, Road Improvements and the Refurbishment of three Fire Engines.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear violations existed.

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 1, 2021, adopted a resolution authorizing interest and year penalties to be charged on delinquent taxes:

Suggestions to Management

- Consider integrating the fixed asset record keeping with the purchase order system.

BOROUGH OF RUTHERFORD

RECOMMENDATIONS

There are none.

* * * * *

A review was performed on all prior year's recommendations. The Borough has taken corrective action on all prior year recommendations.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the Borough and we greatly appreciate the courtesies extended to us.