

**BOROUGH OF EAST RUTHERFORD
BERGEN COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2017 AND 2016

BOROUGH OF EAST RUTHERFORD
BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying comparative balance sheets – regulatory basis of various funds of the Borough of East Rutherford, in the County of Bergen, State of New Jersey (the “Borough”), as of December 31, 2017 and 2016, and the related comparative statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues and expenditures – regulatory basis and comparative statement of general fixed assets group of account – regulatory basis for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements – regulatory basis (the “financial statements”) in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). 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 misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 in compliance with audit requirements as prescribed by the Division. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

As described in Note 1, the financial statements are prepared and presented by the Borough on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirement of the State of New Jersey for municipal government entities. The effects on financial statements of the variances between the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough as of December 31, 2017 and 2016, or the changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the accompanying comparative balance sheet – regulatory basis of the various funds of the Borough as of December 31, 2017 and 2016, and the results of the comparative statements of operations and changes in fund balance of such funds – regulatory basis for the years then ended, and the revenues and expenditures – regulatory basis of the various funds, and general fixed assets group of accounts for the year ended December 31, 2017, in accordance with accounting principles and practices prescribed by the Division as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practice prescribed by the Division, to supplement the financial statements and therefore it has not been presented by management. Our opinion on the basic financial statements is not affected by this missing information.

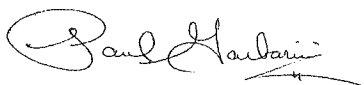
Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental schedules and the schedules of expenditures of federal, state and county/other financial assistance are presented for purposes of additional analysis as required by the Division, and are not a required part of the basic financial statements.

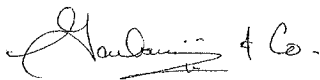
The supplementary schedules and schedules of expenditures of federal, state and county/other financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 3, 2018 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPAs
Registered Municipal Accountants

July 3, 2018
Carlstadt, New Jersey

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

		At December 31,	
	Reference	2017	2016
ASSETS			
Current Assets:			
Cash - Treasurer	A-4	\$ 5,900,342.28	\$ 2,821,075.89
Cash - Tax Collector	A-4	-	159,463.47
Cash - Change and Petty Cash Funds	A-5	950.00	1,150.00
		<u>5,901,292.28</u>	<u>2,981,689.36</u>
Due from State of NJ- Senior Citizens & Veterans Deductions	A-8	122.12	179.24
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-7	213,724.52	197,366.29
Tax Title Liens	A-10	301,836.59	282,323.78
Property Acquired for Taxes - Assessed Value	A-9	636,900.00	636,900.00
Revenue Accounts Receivable	A-11	4,560.00	34,768.58
Due from Dog License Fund	B	6,271.43	-
Due from Sewer Utility Fund	D	100,000.00	322,786.18
	Contra	<u>1,263,292.54</u>	<u>1,474,144.83</u>
TOTAL ASSETS		<u>\$ 7,164,706.94</u>	<u>\$ 4,456,013.43</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

		At December 31,	
		2017	2016
	Reference		
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Encumbrance Payable	A-22	\$ 61,365.03	\$ 45,159.44
Appropriation Reserves	A-3,13	1,903,717.48	1,204,516.76
Accounts Payable	A-12	25,000.00	
Tax Overpayments	A-15	22,248.20	203,008.44
Prepaid Taxes	A-16	802,299.80	198,346.21
County Taxes - Added	A-17	4,270.17	2,170.63
Revaluation Reserve	A-21	-	10,848.61
Police Off Duty Payable	A-23	-	83,550.92
Due to State of New Jersey- Marriage License Fees	A-14	450.00	325.00
Reserve for Tax Appeals	A-24	323,099.27	
DEA Confiscated Funds	A-20	-	535,016.07
Miscellaneous Reserves	A-6	-	14,190.71
Due to Trust Fund	B	662,423.83	
		<u>3,804,873.78</u>	<u>2,297,132.79</u>
Reserve for Receivables and Other Assets	Contra	1,263,292.54	1,474,144.83
Fund Balance	A-1	<u>2,096,540.62</u>	<u>684,735.81</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 7,164,706.94</u>	<u>\$ 4,456,013.43</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
- REGULATORY BASIS**

A-1

	Reference	At December 31,	
		2017	2016
Revenue and Other Income Realized:			
Fund Balance Utilized		\$ 680,000.00	\$ 2,160,000.00
Miscellaneous Revenue Anticipated	A-2	34,370,253.57	12,262,161.89
Receipts from Delinquent Taxes	A-2	228,423.28	307,406.82
Receipts from Current Taxes	A-2	38,494,464.11	36,302,906.39
Non-Budget Revenues	A-2	324,319.77	38,040.79
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	504,632.92	291,383.46
Unexpended Budget Appropriations	A-3	438,617.96	322,787.74
Cancelled Overpayments	A-15	184,589.92	
Regional / Local School /County Tax Adjustment	A-19	0.08	
Statutory Excess Animal License Fund	B	6,271.43	
Interfunds Returned			299,002.47
Total Revenue and Other Income Realized		<u>75,231,573.04</u>	<u>51,983,689.56</u>
Expenditures:			
Budget and Emergency Appropriations	A-3	46,137,207.30	25,079,473.09
County Taxes	A-17	6,165,403.77	5,913,626.50
County Share of Added and Omitted Taxes	A-17	4,270.17	2,170.63
Local District School Tax	A-18	15,293,686.50	14,606,018.00
Local District School Tax Adjustment	A-18	0.50	0.52
Regional School Tax	A-19	5,428,700.00	5,662,764.50
Regional School Tax Adjustment	A-19	-	0.12
Prior Year Tax Appeals- Overpayments	A-15		219,330.45
Prior Year Tax Appeals- Charged Directly to Fund Balance	A-4		
Senior Citizens & Veterans Prior Year Adjustment	A-7	4,028.56	2,302.05
Interfund Advanced		106,271.43	322,786.18
Petty Cash Adjustment	A-5	200.00	
Total Expenditures		<u>73,139,768.23</u>	<u>51,808,472.04</u>
Excess in Revenues		2,091,804.81	175,217.52
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year		-	-
Statutory Excess to Fund Balance		<u>2,091,804.81</u>	<u>175,217.52</u>
Fund Balance January 1	A	<u>684,735.81</u>	<u>2,669,518.29</u>
		2,776,540.62	2,844,735.81
Decreased by:			
Utilization as Anticipated Revenues		<u>680,000.00</u>	<u>2,160,000.00</u>
Fund Balance December 31	A	<u>\$ 2,096,540.62</u>	<u>\$ 684,735.81</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

	Reference	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated		\$ 680,000.00	\$ 680,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages		26,000.00	27,792.72	1,792.72
Other		75,000.00	59,488.95	(15,511.05)
Fees and Permits - Other		25,000.00	19,912.62	(5,087.38)
Fines and Costs - Municipal Court		410,000.00	371,324.77	(38,675.23)
Interest and Costs on Taxes		60,000.00	43,868.94	(16,131.06)
Interest on Investments and Deposits		2,000.00	1,996.78	(3.22)
Cable Franchise Fees		131,201.42	131,201.42	-
Payment in Lieu Taxes from N.J. Sports and Exposition Authority		8,096,091.00	8,150,116.16	54,025.16
Payment in Lieu Taxes from Bergen County Housing Authority		28,000.00	39,578.66	11,578.66
Recycling Income		6,000.00	9,478.51	3,478.51
Rental - Library		110,000.00	110,000.00	-
Lease - Becton Regional		75,000.00	75,000.00	-
Hotel Tax		870,000.00	993,777.98	123,777.98
Energy Receipt Taxes (P.L. 1997, Chapters 162 & 167)		1,489,989.00	1,489,989.00	-
Hackensack Meadowlands Adjustment - - Tax Sharing (N.J.S. 13:17-60 et. seq.)		105,741.00	132,237.01	26,496.01
Uniform Construction Code Fees		325,000.00	169,378.68	(155,621.32)
POAA		2,492.00	2,492.00	-
Safe and Secure Communities Program Grant		60,000.00	60,000.00	-
Recycling Tonnage Grant		16,823.72	16,823.72	-
				-
				-
				-
Chapter 159:				-
Clean Communities		17,739.08	17,739.08	-
Police Click it or Ticket Grant		5,500.00	5,500.00	-
				-
				-
Alcohol Education & Rehabilitation		1,801.52	1,801.52	-
Body Armor Grant		4,517.26	4,517.26	-
				-
Federal Bullet Proof Vest Partnership Grant		6,655.20	6,655.20	-
American Dream Settlement for Debt		21,500,000.00	21,500,000.00	-
				-
Uniform Fire Safety Act		66,168.26	56,851.93	(9,316.33)
Elevator Revenue		75,000.00	75,000.00	-
Settlement Payment-Timex Center		250,000.00	250,000.00	-
Payment in Lieu of Taxes- N.J. Meadowlands Commission		6,708.30	6,708.30	-
Premium on BAN / Bond Sale		21,636.18	21,636.18	-
Reserve for Payments of Bonds and Notes		196,600.00	196,600.00	-
Due from Sewerage Authority		322,786.18	322,786.18	-
				-
Total Miscellaneous Revenues	A-1, Next Page	34,389,450.12	34,370,253.57	(19,196.55)
Receipts from Delinquent Taxes	A-1, Next Page	275,000.00	228,423.28	(46,576.72)
Amount to be Raised by Taxes for Support of Municipal Budget Including Uncollected Taxes	A-7, Next Page	11,367,757.18	12,177,403.67	809,646.49
				-
Budget Totals	A-3	\$ 46,712,207.30	47,456,080.52	\$ 743,873.22
Non-Budget Revenues	A-1,4, Next Page		324,319.77	
			\$ 47,780,400.29	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

**STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

A-2

	Reference	
Allocation of Current Tax Collection:		
Revenue from Collections	A-1	\$ 38,494,464.11
Allocated to:		
School and County Taxes	A-17,18,19	26,892,060.44
Balance for Support of Municipal Appropriation		<u>11,602,403.67</u>
 Add: Appropriation "Reserve for Uncollected Taxes"	A-3	 <u>575,000.00</u>
	Previous Pg.	<u><u>\$ 12,177,403.67</u></u>
 Receipts from Delinquent Taxes:		
Tax Title Liens Collected	A-10	28,656.24
Delinquent Taxes	A-1	199,767.04
	Previous Pg.	<u><u>\$ 228,423.28</u></u>
 Miscellaneous Revenues:		
Current Fund	A-4	\$ 12,754,724.79
American Dream Settlement for Debt	A-3	21,500,000.00
Due from Grant Fund - Anticipated Revenue	E-2	<u>115,528.78</u>
		<u><u>\$ 34,370,253.57</u></u>
	Previous Pg.	
 Non-Budget Revenues:		
DMV Fees		5,705.58
Misc. Refunds		5,195.06
Towing Fees		18,725.00
Tax Sharing 2016- Partial 4th Qtr. Pmt		86,020.19
Municipal Court Bail Account		436.00
Auction Proceeds		23,356.25
Recreation Petty Cash Account Closed		185.00
Police Station Construction Account Closed		3,446.43
FEMA (Winter Storm 2016)		49,941.93
FEMA (Hurricane Sandy 2012)		97,591.35
FEMA Reimbursements		(1,669.19)
Restitution		1,448.00
JIF Award		250.00
Asbestos Removal Reimbursement		24,109.41
2015 Claim Release		5,500.00
Prior Year Void Checks		2,833.19
State of NJ Tax Court Refund		250.00
Senior Citizen's & Veteran's 2% Administrative Payments		835.57
County Polling Payment		<u>160.00</u>
		<u><u>\$ 324,319.77</u></u>
	Prev. Pg., A-1, 4	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed Overexpenditure
OPERATIONS - WITHIN "CAPS"						
<i>GENERAL GOVERNMENT</i>						
Administrative & Executive:						
Municipal Clerk						
Salaries and Wages	\$ 241,000.00		\$ 244,000.00	\$ 242,117.92	\$ 1,882.08	\$ -
Other Expenses	22,500.00		22,500.00	16,394.94	6,105.06	
Other Expenses - Code Publishing	12,000.00		12,000.00	3,612.02	8,387.98	
Mayor and Council						
Salaries and Wages	37,000.00		37,000.00	36,614.68	385.32	
Other Expenses	17,500.00		17,500.00	17,363.81	136.19	
Elections - Other Expenses						
	14,000.00		14,000.00	5,985.01	8,014.99	
Financial Administration						
Salaries and Wages	91,000.00		91,000.00	88,470.93	2,529.07	
Other Expenses						
Annual Audit	44,000.00		44,000.00	-	44,000.00	
Miscellaneous - Other Expenditures	45,000.00		45,000.00	43,190.16	1,809.84	
Purchasing						
Salaries and Wages	2,500.00		2,500.00	2,499.90	0.10	
Assessment of Taxes						
Salaries and Wages	69,000.00		69,000.00	67,653.81	1,346.19	
Other Expenses	109,250.00		109,250.00	100,835.00	8,415.00	
Ordinance Enforcement - Salaries and Wages						
	10,800.00		9,800.00	8,459.61	1,340.39	
Redevelopment Agency						
Salaries and Wages	1,700.00		1,700.00	1,636.96	63.04	
Other Expenses (R.S. 40:550-1)	16,400.00		16,400.00	259.90	16,140.10	
Collection of Taxes						
Salaries and Wages	127,400.00		127,400.00	87,052.31	40,347.69	
Other Expenses	9,300.00		9,300.00	8,095.93	1,204.07	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
OPERATIONS WITHIN "CAPS" (Cont'd)							
Legal Services and Costs							
Other Expenses	\$ 465,000.00	\$ -	\$ 465,000.00	\$ 423,348.58	\$ 41,651.42	\$ -	\$ -
Tax Appeals							
Professional Fees	134,000.00		134,000.00	53,329.00	80,671.00		
Engineering Services and Costs							
Other Expenses	55,000.00		75,000.00	72,019.52	2,980.48		
Public Building and Grounds							
Other Expenses	101,000.00		118,000.00	117,996.67	3.33		
Contracted Service	295,000.00		295,000.00	294,568.85	431.15		
Municipal Land Use Law (N.J.S. 40:55D-1)							
Planning Board - Salaries & Wages	7,500.00		7,500.00	7,499.96	0.04		
Planning Board - Other Expenses	35,000.00		28,000.00	8,976.80	19,023.20		
Zoning Board of Adjustment							
Salaries and Wages	7,500.00		7,500.00	7,499.96	0.04		
Other Expenses	12,000.00		12,000.00	9,671.19	2,328.81		
Municipal Court							
Salaries and Wages	232,600.00		228,600.00	227,078.50	1,521.50		
Other Expenses	49,265.00		49,265.00	36,340.61	12,924.39		

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
OPERATIONS WITHIN "CAPS" (Cont'd)							
Unemployment Compensation	\$ 20,000.00		\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	\$ -
Insurance:							
Liability	331,000.00		331,000.00	231,659.43	99,340.57		
Workman's Compensation	397,000.00		397,000.00	287,740.91	109,259.09		
Employee Group Insurance	2,613,400.00		2,613,400.00	2,208,518.54	404,881.46		
Self - Insurance Eye Care	15,000.00		15,000.00	13,675.69	1,324.31		
Rent Control Board							
Salaries and Wages	1,700.00		1,700.00	1,699.88	0.12		
Other expenses	500.00		500.00	-	500.00		
TOTAL GENERAL GOVERNMENT	5,642,815.00	-	5,670,815.00	4,751,866.98	918,948.02	-	-
PUBLIC SAFETY:							
Fire							
Other Expenses							
Clothing Allowance	103,000.00		103,000.00	93,920.04	9,079.96		
Other Expenses- Lease/Purchase Equipment	21,500.00		21,500.00	21,419.82	80.18		
Gear Maintenance	88,750.00		88,750.00	69,045.17	19,704.83		
Fire Prevention and Life Safety							
Salaries and Wages							
Fire Official	95,800.00		95,800.00	93,603.47	2,196.53		
Other Salaries - Inspectors	15,000.00		15,000.00	12,115.50	2,884.50		
Other Expenses	16,910.00		16,910.00	15,328.35	1,581.65		
Police							
Salaries and Wages	5,442,000.00		5,381,000.00	5,063,916.65	317,083.35		
Overtime	250,000.00		285,000.00	281,833.51	3,166.49		
Sick pay	84,000.00		84,000.00	83,034.71	965.29		
Other expenses	122,000.00		122,000.00	102,580.67	19,419.33		
911 Service	4,600.00		4,600.00	4,600.00	-		
Police Cars	40,000.00		40,000.00	40,000.00	-		

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
OPERATIONS WITHIN "CAPS" (Cont'd)							
Special Police							
Salaries and Wages	\$ 90,000.00	\$ -	\$ 92,000.00	\$ 91,099.36	\$ 900.64	\$ -	\$ -
Other Expenses	500.00		500.00	313.36	186.64		
Traffic Lights - Other Expenses	21,000.00		21,000.00	8,245.67	12,754.33		
Traffic Control							
Salaries and Wages	282,000.00		317,000.00	316,373.82	626.18		
Other Expenses	500.00		500.00		500.00		
First Aid Organization							
Other Expenses	15,750.00		15,750.00	8,880.96	6,869.04		
Emergency Management Services							
Salaries and Wages	8,800.00		8,800.00	8,009.39	790.61		
Other Expenses	10,500.00		10,500.00	2,981.80	7,518.20		
First Responder							
Salaries and Wages	45,000.00		45,000.00	39,792.64	5,207.36		
Towing Director							
Salaries and Wages	12,100.00		13,100.00	11,916.32	1,183.68		
TOTAL PUBLIC SAFETY	<u>6,769,710.00</u>	<u>-</u>	<u>6,781,710.00</u>	<u>6,369,011.21</u>	<u>412,698.79</u>	<u>-</u>	<u>-</u>
STREETS AND ROADS:							
Road Repairs and Maintenance							
Salaries and Wages	824,000.00		824,000.00	736,879.76	87,120.24		
Other Expenses	70,000.00		70,000.00	60,034.37	9,965.63		
Recycling Costs	36,500.00		36,500.00	27,525.55	8,974.45		
Leased Vehicles	38,100.00		38,100.00	38,083.21	16.79		
TOTAL STREETS AND ROADS	<u>968,600.00</u>	<u>-</u>	<u>968,600.00</u>	<u>862,522.89</u>	<u>106,077.11</u>	<u>-</u>	<u>-</u>
HEALTH AND WELFARE:							
Board of Health							
Other Expenses	95,000.00		95,000.00	77,168.92	17,831.08		
TOTAL HEALTH AND WELFARE	<u>95,000.00</u>	<u>-</u>	<u>95,000.00</u>	<u>77,168.92</u>	<u>17,831.08</u>	<u>-</u>	<u>-</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
OPERATIONS WITHIN "CAPS" (Cont'd)							
<i>RECREATION AND EDUCATION</i>							
Board of Recreation Commission (R.S.4061-1 et. seq.)							
Salaries and Wages	\$ 47,000.00	\$ -	\$ 47,000.00	\$ 42,568.22	\$ 4,431.78	\$ -	\$ -
Other Expenses	100,000.00		100,000.00	94,728.25	5,271.75		
Celebration of Public Events, Anniversary or Holiday							
Other Expenses	5,000.00		5,000.00	621.93	4,378.07		
Senior Citizens							
Salaries and Wages	47,500.00		47,500.00	46,127.08	1,372.92		
Other Expenses	9,500.00		9,500.00	9,432.00	68.00		
TOTAL RECREATION AND EDUCATION	209,000.00	-	209,000.00	193,477.48	15,522.52	-	-
<i>SANITATION</i>							
Garbage & Trash Removal							
Salaries and Wages	549,000.00		549,000.00	492,279.85	56,720.15		
Dumping Fees - Bergen County							
Sanitary Landfill - Contractual	325,000.00		325,000.00	282,037.51	42,962.49		
TOTAL SANITATION	874,000.00	-	874,000.00	774,317.36	99,682.64	-	-
<i>STATE UNIFORM CONSTRUCTION CODE</i>							
Salaries and Wages							
Construction Code Official	32,040.00		32,040.00	31,761.86	278.14		
Sub-Code Officials							
Plumbing Inspector	19,000.00		19,000.00	18,741.06	258.94		
Fire Inspector	17,000.00		17,000.00	16,981.90	18.10		
Electrical Inspector	16,000.00		16,000.00	15,842.06	157.94		
Other Salaries	66,600.00		70,100.00	69,866.46	233.54		
Building Sub-Code Official	21,000.00		21,000.00	20,622.94	377.06		
Other Expenses	12,000.00		12,000.00	10,787.13	1,212.87		
Rental Expenses					-		
TOTAL STATE UNIFORM CONST. CODE	183,640.00	-	187,140.00	184,603.41	2,536.59	-	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
OPERATIONS WITHIN "CAPS" (Cont'd)							
<i>UNCLASSIFIED:</i>							
Utilities							
Street Lighting	\$ 320,000.00	\$ -	\$ 310,000.00	\$ 237,929.62	\$ 72,070.38	\$ -	\$ -
Gasoline	150,000.00		130,000.00	87,685.20	42,314.80		
Fuel Oil							
Electricity	270,000.00		254,114.76	173,539.37	80,575.39		
Telephone	142,000.00		142,000.00	129,937.15	12,062.85		
Water	51,000.00		51,000.00	22,220.28	28,779.72		
Fire Hydrant Services	133,000.00		133,000.00	129,260.71	3,739.29		
Purchase of Postage	35,000.00		35,000.00	25,157.60	9,842.40		
Vehicle Maintenance							
Salaries and Wages	116,200.00		120,700.00	119,107.62	1,592.38		
Other Expenses	232,000.00		232,000.00	222,067.01	9,932.99		
	1,449,200.00	-	1,407,814.76	1,146,904.56	260,910.20	-	-
TOTAL OPERATIONS WITHIN "CAPS"	16,191,965.00	-	16,194,079.76	14,359,872.81	1,834,206.95	-	-
<i>Contingent</i>	2,000.00		2,000.00	834.90	1,165.10		
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	16,193,965.00	-	16,196,079.76	14,360,707.71	1,835,372.05	-	-
<i>Detail:</i>							
Salaries and Wages	8,909,740.00		8,927,740.00	8,390,758.60	536,981.40	-	-
Other Expenses (Including Contingent)	7,284,225.00		7,268,339.76	5,969,949.11	1,298,390.65	-	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
OPERATIONS WITHIN "CAPS" (Cont'd)							
DEFERRED CHARGES:							
Deficit in Sewer Utility Fund	\$ 100,000.00		\$ 100,000.00			\$ 100,000.00	
STATUTORY EXPENDITURES:							
Contributions to:							
Public Employees Retirement System	402,189.00		402,189.00	402,189.00	-		
Social Security System (O.A.S.I.)	360,000.00		357,000.00	309,627.21	47,372.79		
Police and Firemen Retirement System of N.J.	1,364,165.36		1,364,165.36	1,364,165.36	-		
Defined Contribution Retirement Program Contributions	300.00		300.00	300.00	-		
Early Retirement Incentive Program	127,321.00		127,321.00	127,321.00	-		
TOTAL DEFERRED CHARGES AND STATUTORY EXPEND. -MUNICIPAL WITHIN "CAPS"	2,353,975.36	-	2,350,975.36	2,203,602.57	47,372.79	100,000.00	-
CASH DEFICIT OF PRECEDING YEAR	-		-	-			
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	18,547,940.36	-	18,547,055.12	16,564,310.28	1,882,744.84	100,000.00	-
OPERATIONS EXCLUDED FROM "CAPS"							
Maintenance of Free Public Library Ch. 82, PL 1985	703,224.00		703,224.00	682,251.36	20,972.64		
Prior Years Bills-BCIA	7,850.00		7,850.00	7,850.00	-		
Prior Years Bills- Work N Gear	110.50		110.50	100.00		10.50	
Tax Appeals Reserve	400,000.00		400,000.00	400,000.00	-		
					-		
	1,111,184.50	-	1,111,184.50	1,090,201.36	20,972.64	10.50	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
OPERATIONS EXCLUDED FROM "CAPS" (Continued)							
<i>PUBLIC AND PRIV. PROGRAMS OFFSET BY REVENUES</i>							
Police Safe & Secure Grant	\$ 60,000.00	\$ -	\$ 60,000.00	\$ 60,000.00	\$ -	\$ -	\$ -
Police Safe & Secure Grant -Municipal Share	15,000.00		15,000.00	15,000.00	-		
Reserves - Grant							
Drunk Driving Enforcement Fund					-		
Parking Offense Adjudication Act	2,492.00		2,492.00	2,492.00	-		
Recycling Tonnage	16,823.72		16,823.72	16,823.72	-		
Body Worn Camera Grant					-		
Chapter 159:							
Clean Communities Grant	17,739.08		17,739.08	17,739.08			
Police "Click it or ticket Grant"	5,500.00		5,500.00	5,500.00			
"Drive Sober or Get Pulled Over" Grant (Holiday)					-		
"Drive Sober or Get Pulled Over" Grant (Labor Day)							
Body Armor Grant	4,517.26		4,517.26	4,517.26	-		
Alcohol Education and Rehab Grant	1,801.52		1,801.52	1,801.52	-		
Emma Grant							
Federal Bullet Proof Vest Partnership Grant	6,655.20		6,655.20	6,655.20			
TOTAL PUBLIC AND PRIV. PROGRAMS OFFSET BY REVENUES	130,528.78	-	130,528.78	130,528.78	-	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	1,241,713.28	-	1,241,713.28	1,220,730.14	20,972.64	10.50	-
<i>Detail:</i>							
Salaries and Wages	75,000.00	-	75,000.00	75,000.00	-	-	-
Other Expenses	1,166,713.28	-	1,166,713.28	1,145,730.14	20,983.14	10.50	-
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"							
Capital Improvement Fund	150,000.00		150,000.00	150,000.00	-		
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	150,000.00	-	150,000.00	150,000.00	-	-	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	Overexpenditure
MUNICIPAL DEBT-EXCLUDED FROM "CAPS"							
Payment of Bond Principal	\$ 2,372,077.80	\$ -	\$ 2,372,077.80	\$ 2,372,077.79	\$ -	\$ 0.01	\$ -
Payment on Bond Anticipation Notes & Capital Notes	187,000.00		187,885.24	187,885.24	-		
Interest on Bonds	917,775.83		917,775.83	917,755.88		19.95	
Interest on Notes	104,224.25		104,224.25	104,224.25		-	
Green Trust Loan Program:					-		
Loan Repayments for Principal and Interest	54,415.78		54,415.78	54,415.78	-	-	
Chapter 159: American Dream Bond/ Debt Defeasance	21,500,000.00		21,500,000.00	21,500,000.00			
Bergen County Improvement Authority -Administrative Fees	7,485.00		7,485.00	7,485.00			
Bergen County Improvement Authority -Principal	370,000.00		370,000.00	370,000.00	-	-	
Bergen County Improvement Authority -Interest	684,575.00		684,575.00	345,987.50		338,587.50	
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	26,197,553.66	-	26,198,438.90	25,859,831.44	-	338,607.46	
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"							
Emergency Authorizations	-	-	-	-	-	-	-
Special Emergency Authorizations - 5 Years	-	-	-	-	-	-	-
Judgements (NJSA 40A:4-45.3cc)							
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAPS"	27,589,266.94	-	27,590,152.18	27,230,561.58	20,972.64	338,617.96	-
SUBTOTAL GENERAL APPROPRIATIONS	46,137,207.30	-	46,137,207.30	43,794,871.86	1,903,717.48	438,617.96	-
<i>Reserve for Uncollected Taxes</i>	<i>575,000.00</i>		<i>575,000.00</i>	<i>575,000.00</i>			
TOTAL GENERAL APPROPRIATIONS	\$ 46,712,207.30	\$ -	\$ 46,712,207.30	\$ 44,369,871.86	\$ 1,903,717.48	\$ 438,617.96	\$ -
Reference	A-2			Below	A	A-1	

Reference

Disbursements	A-4	\$ 22,333,574.60
Budget Offsets	A-4	(630,596.55)
Reserve for Uncollected Taxes	A-2	575,000.00
Encumbrance Payable	A-22	61,365.03
Due to Grant Fund	E-4	130,528.78
American Dream Settlement for Debt	A-2	21,500,000.00
Tax Appeal Reserve	A-24	400,000.00
		<u>\$ 44,369,871.86</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2017 AND 2016

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

B

	Reference	At December 31,	
		2017	2016
ASSETS			
Other Trust Fund			
Cash	B-1	\$ 627,933.25	\$ 568,082.33
Due from Current Fund		662,423.83	-
		<u>1,290,357.08</u>	<u>568,082.33</u>
Developer's Escrow Fund			
Cash	B-1	473,063.91	290,282.25
		<u>473,063.91</u>	<u>290,282.25</u>
Dog License Fund			
Cash	B-1	17,158.23	10,029.03
		<u>17,158.23</u>	<u>10,029.03</u>
Unemployment Fund			
Cash	B-1	32,053.94	15,241.92
		<u>32,053.94</u>	<u>15,241.92</u>
TOTAL ASSETS		<u><u>\$ 1,812,633.16</u></u>	<u><u>\$ 883,635.53</u></u>
LIABILITIES, RESERVE AND FUND BALANCE			
Other Trust			
Special Reserves	B-8	\$ 642,426.29	\$ 568,082.33
Reserve for DEA Confiscated Funds	B-9	474,146.86	
Police Off-Duty Payable	B-10	173,783.93	
		<u>1,290,357.08</u>	<u>568,082.33</u>
Developers Escrow			
Reserve for Escrow Fees	B-5	473,063.91	290,282.25
		<u>473,063.91</u>	<u>290,282.25</u>
Dog License Fund			
Due to State of NJ	B-3	1.20	1.20
Due to Current Fund	A, B-4	6,271.43	
Reserve for Dog Fund Expenditures	B-6	10,885.60	10,027.83
		<u>17,158.23</u>	<u>10,029.03</u>
Unemployment Fund			
Fund Reserve	B-2	32,053.94	15,241.92
		<u>32,053.94</u>	<u>15,241.92</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u><u>\$ 1,812,633.16</u></u>	<u><u>\$ 883,635.53</u></u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

C

		At December 31,	
	Reference	2017	2016
ASSETS			
Cash - Treasurer	C-2,3	\$ 10,753,678.67	\$ 4,376,625.43
Grants Receivable	C-19	397,870.86	1,242,914.86
Deferred Charges to Future Taxation:			
Funded	C-5	26,508,857.73	37,348,761.56
Unfunded	C-6	4,955,552.35	9,459,052.35
Due from Bergen County Improvement Authority	C-15	-	3,441.06
TOTAL ASSETS		<u>\$ 42,615,959.61</u>	<u>\$ 52,430,795.26</u>
LIABILITIES, RESERVE AND FUND BALANCE			
General Serial Bonds	C-13	\$ 25,825,756.46	\$ 21,462,834.26
Bond Anticipation Note Payable	C-16	4,229,000.00	8,982,500.00
State Loan Payable	C-12	683,101.27	545,927.30
Bergen County Improvement Authority Bond Payable	C-21	-	15,340,000.00
Encumbrance Payable	C-7	21,170.00	114,168.50
Improvement Authorizations:			
Funded	C-9	7,022,425.47	227,339.21
Unfunded	C-9	2,356,392.33	3,569,417.53
Reserve for Payment of Bonds and Notes	C-14	1,208,536.55	711,816.40
Reserve for Building & Grounds Improvements	C-11	493.09	493.09
Reserve for Roadway Improvements	C-20	112,500.00	112,500.00
Reserve for Grants- Receivable	C-18	397,870.86	1,242,914.86
Premium on BAN/ Bond Sale	C-10	523,465.65	21,636.18
Capital Improvement Fund	C-8	224,391.63	88,391.63
Fund Balance	C-1	10,856.30	10,856.30
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 42,615,959.61</u>	<u>\$ 52,430,795.26</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016
in the amount of \$726,552.35 and \$476,552.35 respectively. (Exhibit C-17).

STATEMENT OF FUND BALANCE

C-1

	Reference	
Balance December 31, 2016	C	<u>\$ 10,856.30</u>
Balance December 31, 2017	C	<u>\$ 10,856.30</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

D

	Reference	At December 31,	
		2017	2016
ASSETS			
Operating Fund:			
Cash	D-4	\$ 2,428,142.17	\$ 493,814.93
Escrow Trust Cash	D-4, D-15	1,514.69	1,514.69
Receivable with Full Reserves:			
Consumer Accounts Receivable	D-5, Contra	171,391.70	68,592.20
Sewer Lien Receivable	D-9, Contra	2,058.75	2,058.75
Due from Current Fund	D-14		
Deferred Charges:			
Overexpenditure of Appropriations	D-3	238,789.33	70,045.48
Overexpenditure of Appropriation Reserves	D-13	20,039.79	17,669.06
Deficit in Operation	D-1		
Total Operating Fund		<u>2,861,936.43</u>	<u>653,695.11</u>
Capital Fund:			
Cash	D-4	1,022,445.55	1,024,030.55
Fixed Capital	D-8	4,503,548.62	4,503,548.62
Fixed Capital Authorized and Uncompleted	D-8	1,100,000.00	1,100,000.00
Due from Utility Operating Fund	D-7	-	-
Total Capital Fund		<u>6,625,994.17</u>	<u>6,627,579.17</u>
TOTAL ASSETS		<u>\$ 9,487,930.60</u>	<u>\$ 7,281,274.28</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3,13	\$ 5,527.44	\$ 165.00
Encumbrance Payable	D-3,13	1,019.45	
Accrued Interest	D-18	6,945.94	13,877.50
Due to Utility Capital Fund	D-7	-	-
Sewer Charge Overpayment	D-6	35,243.29	29,173.46
Due to Current Fund	D-14	100,000.00	322,786.18
Reserve for Escrow Deposit	D-15	1,514.69	1,514.69
Reserve for Receivables	Contra	173,450.45	70,650.95
Fund Balance	D-1	2,538,235.17	215,527.33
Total Operating Fund		<u>2,861,936.43</u>	<u>653,695.11</u>
Capital Fund:			
Serial Bond Payable	D-18	264,243.53	307,165.74
Bond Anticipation Notes	D-19	1,045,000.00	950,000.00
Improvement Authorizations			
Funded	D-10	-	-
Unfunded	D-10	765,717.00	862,302.00
Capital Improvement Fund	D-11	256,935.55	256,935.55
Reserve for Deferred Amortization	D-12	1,119,816.71	1,076,894.50
Amortization Reserve	D-12	3,174,281.38	3,174,281.38
Total Capital Fund		<u>6,625,994.17</u>	<u>6,627,579.17</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 9,487,930.60</u>	<u>\$ 7,281,274.28</u>

There were bonds and notes authorized but not issued as of December 31, 2017 and December 31, 2016 in the amount of \$207 and \$95,207 respectively. (Schedule D-16)

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES
IN OPERATING FUND BALANCE - REGULATORY BASIS**

D-1

	Reference	At December 31,	
		2017	2016
Revenue and Other Income Realized			
Utility Operating Surplus	D-2	\$ 100,000.00	
User Charges and Fees	D-2,4	1,604,940.65	1,676,311.73
Delinquent User Charges	D-2	100,066.71	462,129.76
Giants Training Facility Agreement	D-2,4	33,227.83	32,279.18
Meadowlands Stadium Agreement	D-2,4	161,044.58	148,118.23
Miscellaneous Revenues	D-2,4	6,059.48	15,753.06
Utility Capital Surplus	D-2		112,194.22
Deficit General Budget	D-2,4	-	27,213.82
	D-2	<u>2,005,339.25</u>	<u>2,474,000.00</u>
Other Credits to Income:			
American Dream Sewer Hook-up Fees	D-4	2,566,369.00	
Appropriations Lapsed	D-3	10,999.59	
		<u>4,582,707.84</u>	<u>2,474,000.00</u>
Less: Budget Appropriations	D-3	<u>2,160,000.00</u>	<u>2,474,000.00</u>
Excess/(Deficit) in Revenues		2,422,707.84	-
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
Deficit in Operations	D		
Fund Balance - Operating - January 1	D	<u>215,527.33</u>	<u>215,527.33</u>
Less: Fund Balance Utilized	D-2	<u>100,000.00</u>	
Fund Balance - Operating - December 31	D	<u>\$ 2,538,235.17</u>	<u>\$ 215,527.33</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF REVENUES - REGULATORY BASIS

D-2

	Reference	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	D-1	\$ 100,000.00	\$ 100,000.00	\$ -
User Charges and Fees	D-1,Below	1,675,000.00	1,604,940.65	(70,059.35)
Delinquent User Charges	D-1,Below	65,000.00	100,066.71	35,066.71
Giants Training Facility Agreement	D-1,4,5	32,000.00	33,227.83	1,227.83
Meadowlands Stadium Agreement	D-1,4,5	148,000.00	161,044.58	13,044.58
Miscellaneous Income & Hook-up Fees	D-1,4	40,000.00	6,059.48	(33,940.52)
Deficit General Budget	D-1,4, Below	100,000.00	-	(100,000.00)
		<u>\$ 2,160,000.00</u>	<u>\$ 2,005,339.25</u>	<u>\$ (154,660.75)</u>
		D-3	D-1	
User Charges & Fees	D-4,5		\$ 1,589,554.43	
Overpayments Applied	D-6		15,386.22	
	Below		<u>\$ 1,604,940.65</u>	
Delinquent User Charges Collected	D-4,5		\$ 72,704.32	
Delinquent Interest Collected	D-4,5		27,362.39	
	Above		<u>\$ 100,066.71</u>	

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-3

	Appropriations		Expended		Lapsed	(Overexpenditure)
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating						
Salaries and Wages	\$ 165,000.00	\$ 165,000.00	\$ 161,696.38	\$ 3,303.62	\$ -	\$ -
Other Expenses	1,777,176.10	1,777,176.10	2,015,965.43	-	-	(238,789.33)
Health Benefits	43,000.00	43,000.00	43,000.00	-	-	-
Total Operating Expenditures	<u>1,985,176.10</u>	<u>1,985,176.10</u>	<u>2,220,661.81</u>	<u>3,303.62</u>	<u>-</u>	<u>(238,789.33)</u>
Capital Improvement Fund	-	-	-	-	-	-
Deferred Charges & Statutory Expenditures						
Deferred Charges:						
Appropriation Reserve Overexpenditure	17,669.06	17,669.06	17,669.06			
Appropriation Overexpenditure	70,045.48	70,045.48	70,045.48			
Statutory Expenditures:						
Contributions to:						
Social Security System	14,000.00	14,000.00	11,776.18	2,223.82	-	-
Unemployment Compensation Insurance		-	-	-	-	-
Total Deferred Charges & Statutory Expenditures	<u>101,714.54</u>	<u>101,714.54</u>	<u>99,490.72</u>	<u>2,223.82</u>	<u>-</u>	<u>-</u>
Debt Service						
Bond Principal	42,922.20	42,922.21	42,922.21		-	
Bond Interest	11,648.97	11,869.12	11,648.92		220.20	
Interest on Notes	18,538.19	18,318.03	7,538.64		10,779.39	
	<u>73,109.36</u>	<u>73,109.36</u>	<u>62,109.77</u>	<u>-</u>	<u>10,999.59</u>	<u>-</u>
Total Sewer Utility Appropriations	<u>\$ 2,160,000.00</u>	<u>\$ 2,160,000.00</u>	<u>\$ 2,382,262.30</u>	<u>\$ 5,527.44</u>	<u>\$ 10,999.59</u>	<u>\$ (238,789.33)</u>
Reference	D-1,2	D-1,2	Below	D	D-1	D

Disbursed	D-4	\$ 2,300,459.87
Accrued Interest	D-18	(6,931.56)
Deferred Charge- Overexpenditures of Approp. & Reserves	D	87,714.54
Encumbrance Payable	D	<u>1,019.45</u>
Above		<u>\$ 2,382,262.30</u>

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2017 AND 2016

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

E

	Reference	At December 31,	
		2017	2016
ASSETS			
Cash	E-1	\$ 76,886.25	\$ 2,246.19
Grants Receivable	E-3	60,000.00	146,000.00
TOTAL ASSETS		<u>\$ 136,886.25</u>	<u>\$ 148,246.19</u>
LIABILITIES AND RESERVES			
Appropriated Reserve	E-4	\$ 115,478.66	\$ 145,754.19
Unappropriated Reserve	E-5	21,407.59	2,492.00
TOTAL LIABILITIES AND RESERVES		<u>\$ 136,886.25</u>	<u>\$ 148,246.19</u>

BOROUGH OF EAST RUTHERFORD
GENERAL FIXED ASSETS FUND
DECEMBER 31, 2017 AND 2016

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS GROUP OF ACCOUNTS - REGULATORY BASIS

F

	At December 31,	
	2017	2016
GENERAL FIXED ASSETS		
Land (as per assessed valuation)	\$ 36,342,500.00	\$ 36,342,500.00
Buildings (as per assessed valuation)	12,758,400.00	12,863,600.00
Machinery and Equipment	13,301,906.00	12,595,083.00
TOTAL GENERAL FIXED ASSETS	<u>\$ 62,402,806.00</u>	<u>\$ 61,801,183.00</u>
 LIABILITIES AND RESERVES		
Investments in General Fixed Assets	<u>\$ 62,402,806.00</u>	<u>\$ 61,801,183.00</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 62,402,806.00</u>	<u>\$ 61,801,183.00</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

However, the municipalities in the State of New Jersey do not issue financial statements in accordance with GAAP, and thus, do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers, or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are component units under GAAP.

B. Fund Accounting

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. 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. The accounts of the Borough are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenses or expenditures. The following funds and groups of accounts are used by the Borough:

Current Fund - resources and expenditures for governmental operations of a general nature.

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

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

Sewer Utility Fund - receipt and disbursement of funds for sewer utility operations.

Grant Fund - receipt and disbursement of funds from Federal and State Grants.

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or insurable cost if the actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. **Summary of Significant Accounting Policies (Continued)**

C. 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.

All governmental funds, proprietary funds and expendable trust funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal Revenue Sharing funds and other Federal and State grants are realized as revenue when anticipated in the municipal budget. Receivables for property taxes are recorded with offsetting reserves on the statement of financial position of the municipality's Current Fund. Accordingly, such amounts are not recorded as revenue until collected. Other amounts which are susceptible to accrual that are due the municipality are recorded as receivables with offsetting reserves and are recorded as revenue when received.

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

Utility Rents - Utility charges are based on prior year's actual water consumption. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the statement of financial position of the Borough's sewer utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual and to be reduced by an allowance for doubtful accounts.

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

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division per N.J.S.A. 40A:4 et seq. Transfers can be made during the last two months and the first three months of the following year. The budget may also be amended by emergency appropriation, which must be raised in the succeeding year's budget. Special items of revenue and corresponding expenditure may be added to the budget with special written consent from the Division (Chapter 159).

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

Trust Funds
General Capital Fund
Sewer Capital Fund

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

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

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

Self-Insurance Contributions - Payments to self-insurance funds are charged to current budget appropriations. GAAP requires payments to be accounted for as an operating transfer and not as an expenditure.

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.

Inventories - The cost 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 statements of financial position.

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

Incurred But Not Reported (IBNR) Reserves - The Borough has not created a reserve for any potential unreported losses which have taken place, but the Borough has not received notice or report of losses. Additionally, the Borough has not recorded a liability for those claims, which have been filed but have not yet been paid. GAAP requires the establishment of reserves for such potential claims.

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 and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

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

General Fixed Assets - N.J.A.C. 5:30-5.6 accounting for governmental fixed assets continues the requirement that all local units shall have and maintain a fixed assets accounting and reporting system that differs in certain respects from GAAP. The fixed assets accounting and reporting system shall establish and maintain a physical inventory of fixed assets of non-expendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular 87, Cost Principals for State, Local and Indian Governments and shall place a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The fixed assets accounting and reporting system shall also have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets and such ledger shall be maintained and reconciled periodically at the end of every fiscal year with the general ledger control accounts for fixed assets. The system shall also provide property management standards for fixed assets that ensure that property records are maintained accurately to reflect a description and source of the property, its ownership, the acquisition cost and date, the percentage of Federal participation in the acquisition, and the location, use and condition of the property. Property management standards for fixed assets shall also ensure that periodic physical inventories are taken and reconciled with property records, that a control system is provided with adequate safeguards against loss, damage, or theft of property, and that property is adequately maintained to keep the property in good condition. A Statement of General Fixed Assets shall be in every annual audit report.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. **Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

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

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

Foreclosed Property - Foreclosed property is recorded in the Current Fund when such property was acquired and fully reserved.

D. Basic Financial Statements

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

2. **Cash and Cash Equivalents**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2017 and 2016, \$0 of the Borough's bank balance of \$21,747,889.34 and \$12,337,364.05 was exposed to custodial credit risk, respectively.

3. **Investments**

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

Credit Risk. New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the Local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The Borough places no limit on the amount the Borough may invest in any one issuer.

As of December 31, 2017 and 2016, the Borough had no investments.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

4. Municipal Debt

Summary of Long-Term Debt

Long-term debt as of December 31, 2017 consisted of bonds, loans, compensated absences and capital leases.

	Balance Dec. 31, 2016	Additions	Reductions	Balance Dec. 31, 2017	Due in One Year
Bonds Payable - General	\$ 21,462,834.26	\$ 6,735,000.00	\$ 2,372,077.80	\$ 25,825,756.46	\$ 2,687,077.80
Bonds Payable - Sewer Utility	307,165.74		42,922.21	264,243.53	42,922.20
Bond Payable - General	15,340,000.00		15,340,000.00	-	
Loan Payable - General	545,927.30	179,070.15	41,896.18	683,101.27	46,552.92
Compensated Absences	994,185.15		84,643.97	909,541.18	
	<u>\$ 38,650,112.45</u>	<u>\$ 6,914,070.15</u>	<u>\$ 17,881,540.16</u>	<u>\$ 27,682,642.44</u>	<u>\$ 2,776,552.92</u>

Long-term debt as of December 31, 2016 consisted of bonds, loans, compensated absences and capital leases.

	Balance Dec. 31, 2015	Additions	Reductions	Balance Dec. 31, 2016	Due in One Year
Bonds Payable - General	\$ 23,859,963.36		\$ 2,397,129.10	\$ 21,462,834.26	\$ 2,372,077.80
Bonds Payable - Sewer Utility	350,036.64		42,870.90	307,165.74	42,922.20
Bergen County Imp. Auth.					
Bond Payable - General	15,700,000.00		360,000.00	15,340,000.00	370,000.00
Loan Payable - General	583,295.49		37,368.19	545,927.30	38,119.30
Compensated Absences	995,792.37		1,607.22	994,185.15	83,074.71
	<u>\$ 41,489,087.86</u>	<u>\$ -</u>	<u>\$ 2,838,975.41</u>	<u>\$ 38,650,112.45</u>	<u>\$ 2,906,194.01</u>

As of December 31, 2017 and December 31, 2016, all outstanding bonds are included in the general capital fund and sewer utility fund. Interest and principal reductions were included in the current and sewer utility operating budget of the Borough.

The regulatory basis of accounting in New Jersey does not recognize accumulated absences as long-term debt. Accumulated absence liabilities are more fully described in Note 15.

The Bergen County Improvement Authority issued \$17,000,000, County of Bergen Guaranteed Revenue Bonds, Series 2010. The bonds were issued to make a loan to the Borough for the purpose of financing the cost of a new police headquarters and municipal court building to be used by the Borough. The bonds were dated June 1, 2010 and interest is payable on June 1 and December 1 of each year commencing on December 1, 2010 and the bond principal is payable each year commencing June 1, 2013 to 2039. During 2017 the County of Bergen Guaranteed Revenue Bonds were defeased with proceeds from American Dream LLC in connection with the American Dream project at the Meadowlands in East Rutherford.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

4. Municipal Debt

Summary of Long-Term Debt (Continued):

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

<i>General Obligation Bonds</i>	December 31, 2017	December 31, 2016
\$12,505,000 - 2009 Bonds, due in annual installments of \$1,059,745.76-11/01/18; \$1,156,086.29-11/01/19-21; \$1,233,158.71-11/01/22 interest rate variable from 2.00% to 4.00%	\$ 5,761,163.02	\$ 6,820,908.78
\$5,112,000 - 2014 Bonds, due in annual installments of \$257,332.04-02/01/18-02/01/19, \$267,229.42-02/01/20, \$272,178.11-02/01/21, \$282,075.50-02/01/22, \$291,972.89-02/01/23, \$301,870.27-02/01/24, \$311,767.66-02/01/25, \$326,613.74-02/01/26, \$336,511.12-02/01/27, \$351,357.20-02/01/28, \$361,254.59-02/01/29, \$376,100.67-02/01/30, \$385,998.19-02/01/31, interest rate variable from 2.00% to 5.00%	4,379,593.44	4,636,925.48
\$11,175,000 - 2014 Bonds, due in annual installments of \$1,035,000-06/15/18, \$1,130,000-06/15/19, \$1,125,000-06/15/20, \$1,130,000-06/15/21, \$1,135,000-06/15/22, \$1,145,000-06/15/23, \$1,150,000-06/15/24, \$1,100,000-06/15/25, interest rate variable from 1.50% to 5.00%	8,950,000.00	10,005,000.00
\$6,735,000 - 2017 Tax Appeal Refunding Bonds, due in annual installments of \$335,000-12/01/18, \$340,000-12/01/19-12/01/25, \$335,000-12/01/2026-12/01/2027, \$1,675,000-12/01/32-12/01/37, interest rate variable from 4% to 5.00%	6,735,000.00	
Subtotal	<u>25,825,756.46</u>	<u>21,462,834.26</u>
<i>Bergen County Improvement Authority Bond Payable</i>		
\$17,000,000 - Bergen County Improvement Authority County Guaranteed Bonds, Series 2010; due in annual installments; interest rate variable from 2.00% to 5.00% - Defeased		15,340,000.00
Subtotal	<u>-</u>	<u>15,340,000.00</u>
<i>State Loan Payable</i>		
\$179,070.15 - due on annual installments, at a 2% interest rate	175,293.27	
\$100,000 - due in annual installments, at a 2.00% interest rate	68,473.51	73,250.58
\$435,553 - due in semi-annual installments, at a 2.00% interest rate	210,744.58	233,275.25
\$250,000 - due in semi-annual installments, at a 2.00% interest rate	228,589.91	239,401.47
Subtotal	<u>683,101.27</u>	<u>545,927.30</u>
<u>Sewer Utility Capital:</u>		
<i>Bond Payable</i>		
\$475,000 - 2009 Bonds, due in annual installments of \$40,254.24-11/01/17-18; \$43,913.71-11/01/19-21; \$46,841.29-11/01/22 interest rate variable from 2.00% to 4.00%	\$ 218,836.97	\$ 259,091.22
\$53,000 - 2014 Bonds, due in annual installments of \$2,667.96 - 2/01/17-19; \$2,770.58-2/01/20; \$2,821.89-2/01/21; \$2,924.50-2/01/22; \$3,027.11-2/01/23; \$3,129.73-2/01/24; \$3,232.34-2/01/25; \$3,386.26-2/01/26; \$3,488.88-2/01/27; \$3,642.80-2/01/28; \$3,745.41-2/01/29; \$3,899.33 -2/01/30; \$4,001.81-2/01/31- interest rate variable from 2.00% to 5.00%	45,406.56	48,074.52
Total	<u>264,243.53</u>	<u>307,165.74</u>
Total	<u>\$ 26,773,101.26</u>	<u>\$ 37,655,927.30</u>

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

4. Municipal Debt

Summary of Long-Term Debt (Continued):

Summary of Statutory Municipal Debt

Statutory municipal debt consisted of outstanding bonds, notes and loans as well as bonds and notes authorized but not issued.

	2017	2016	2015
Issued:			
General:			
Bonds, Notes and Loans	\$ 30,737,857.73	\$ 46,331,261.56	\$ 44,464,258.85
Sewer Utility:			
Bonds, Notes and Loans	1,309,243.53	1,257,165.74	350,036.64
Debt Issued	<u>32,047,101.26</u>	<u>47,588,427.30</u>	<u>44,814,295.49</u>
Authorized but not Issued:			
General:			
Bonds and Notes	726,552.34	476,552.35	1,568,052.34
Sewer Utility:			
Bonds and Notes	207.00	95,207.00	950,207.00
	<u>726,759.34</u>	<u>571,759.35</u>	<u>2,518,259.34</u>
Less Deductions	<u>1,309,450.53</u>	<u>1,539,372.74</u>	<u>2,100,243.64</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 31,464,410.07</u>	<u>\$ 46,620,813.91</u>	<u>\$ 45,232,311.19</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.208% as of December 31, 2017 and 2.243% as of December 31, 2016.

2017	Gross Debt Issued and Authorized	Deductions	Net Debt
School Debt	\$ 3,756,000.00	\$ 3,756,000.00	\$ -
General Debt	31,464,410.07	6,735,000.00	24,729,410.07
Sewer Utility Debt	1,309,450.54	1,309,450.54	-
	<u>\$ 36,529,860.61</u>	<u>\$ 11,800,450.54</u>	<u>\$ 24,729,410.07</u>

Net Debt of \$24,729,410.07 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$2,047,083,723 = 1.208%.

2016	Gross Debt Issued and Authorized	Deductions	Net Debt
School Debt	\$ 4,361,000.00	\$ 4,361,000.00	\$ -
General Debt	46,807,813.91	187,000.00	46,620,813.91
Sewer Utility Debt	1,352,372.42	1,352,372.42	-
	<u>\$ 52,521,186.33</u>	<u>\$ 5,900,372.42</u>	<u>\$ 46,620,813.91</u>

Net Debt of \$46,620,813.91 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$2,078,053,332 = 2.243%.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

4. **Municipal Debt**

Summary of Long-Term Debt (Continued):

<u>Calculation of "Self-Liquidating Purpose", Sewer Utility</u>	<u>2017</u>	<u>2016</u>
Cash Receipts from Fees, Rents or Other Charges	\$ 4,471,708.25	\$ 2,474,000.00
Deductions:		
Operating and Maintenance Cost	1,985,176.10	2,143,675.63
Deferred Charges & Statutory Expenditures	101,714.54	274,297.50
Debt Service	73,109.36	56,026.87
	<u>2,160,000.00</u>	<u>2,474,000.00</u>
Excess (Deficit) in Revenue	2,311,708.25	-
Smaller of deficit in revenue or utility debt service capitalized at 5%		
Gross Sewer System Debt	1,309,450.53	1,352,372.42
Less Above:		
Total Deduction	<u>1,309,450.53</u>	<u>1,352,372.42</u>

Borrowing Power Under N. J.S.A. 40A:2- As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 71,647,930.31	\$ 72,731,866.62
Net Debt	<u>24,729,410.07</u>	<u>46,620,813.91</u>
Remaining Borrowing Power	<u>\$ 46,918,520.24</u>	<u>\$ 26,111,052.71</u>

Bond Anticipation Notes:

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

On December 31, 2017 the Borough had a total of \$4,229,000 in outstanding General Capital bond anticipation notes and \$1,045,000 in outstanding Sewer Utility Capital bond anticipation notes, for a total of \$5,274,000. Reference to schedule C-16 and D-19 will show the annual interest rates for each note.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Oppenheimer & Co., Inc.	187,000.00		187,000.00	-
KeyBanc Capital Markets, Inc.	4,613,500.00	4,613,500.00	9,227,000.00	-
Capital One Public Funding, LLC	5,132,000.00	10,406,000.00	10,264,000.00	5,274,000.00
	<u>\$ 9,932,500.00</u>	<u>\$ 15,019,500.00</u>	<u>\$ 19,678,000.00</u>	<u>\$ 5,274,000.00</u>

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

5. Capital Leases Payable

On January 22, 2014, the Borough entered into a lease agreement with Ford Credit Company for a 2014 Ford F450 Truck for five years with annual payments of \$14,045.50, to be used by the DPW Department. The fair market value of the vehicle was \$62,648.00.

On January 22, 2014, the Borough entered into a lease agreement with Ford Credit Company for a 2014 Ford Explorer for five years with annual payments of \$7,374.32, to be used by the Police Department. The fair market value of the vehicle was \$32,241.00

On November 6, 2014, the Borough entered into a lease agreement with Ford Credit Company for a 2014 Dodge Charger for five years with annual payments of \$20,747.23, to be used by the Police Department. The fair market value of the vehicle was \$58,360.00.

Total payments for the leases amounted to \$ 21419.82 and \$42,167.05 in 2017 and 2016, respectively. These lease-purchase agreements include a \$1.00 buyout at the end of the lease periods; the assets will become Borough property.

On August 8, 2017, the Borough entered into a lease agreement with Ford Credit Company for two Chevrolet Tahoes with equipment for three years with annual payments of \$40,619.31, to be used by the Police Department. The fair market value of the vehicles was \$116,673.00.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	56,773.24	5,265.88	62,039.12
2019	38,501.72	2,117.59	40,619.31
	<u>\$ 95,274.96</u>	<u>\$ 7,383.47</u>	<u>\$ 102,658.43</u>

6. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are to be deferred to budgets of succeeding years. At December 31, 2017 and 2016, the following deferred charges were shown on the statement of financial position of Current Fund and Sewer Utility Fund:

<u>2017</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Budget Appropriations</u>	<u>Subsequent Budgets</u>
<u>Sewer Utility Fund</u>			
Overexpenditure of Appropriations	238,789.33	238,789.33	-
Overexpenditure of Appropriation Reserves	20,039.79	20,039.79	
Total	<u>258,829.12</u>	<u>258,829.12</u>	<u>-</u>
<u>2016</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Appropriations</u>	<u>Subsequent Budgets</u>
<u>Sewer Utility Fund</u>			
Overexpenditure of Appropriations	70,045.48	70,045.48	-
Overexpenditure of Appropriation Reserves	17,669.06	17,669.06	
Total	<u>87,714.54</u>	<u>87,714.54</u>	<u>-</u>

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

7. Local District School Taxes

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute.

	Local School District Tax Balance December 31,		Regional High School Tax Balance December 31,	
	2017	2016	2017	2016
Balance of Tax	\$ 7,888,079.50	\$ 7,405,607.00	\$ 2,750,378.50	\$ 2,678,321.50
Deferred	7,888,079.50	7,405,607.00	2,750,378.50	2,678,321.50
Taxes Payable/(Prepaid)	\$ -	\$ -	\$ -	\$ -

8. Property Tax Calendar

The Borough's property taxes are due the first of February, May, August, and November. The levy is determined upon certification of tax rate by the county. Liens are sold at a tax sale in the subsequent year. The tax sales were held on June 13, 2017 for 2016 taxes and June 14, 2016 for 2015

9. Taxes Collected in Advance

Taxes collected in advance, and the amounts set forth as cash liabilities in the financial statements as follows:

	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Prepaid Taxes	\$ 802,299.80	\$ 198,346.21

10. Interfund Receivables and Payables

Interfund Receivables and Payables at December 31, 2017 were as follows:

Fund Type	December 31, 2017		December 31, 2016	
	Receivables	Payables	Receivables	Payables
Current Fund	\$ 106,271.43	\$ 662,423.83	\$ 322,786.18	\$ -
Trust Funds	662,423.83	6,271.43		
Sewer Utility Fund		100,000.00		322,786.18
Sewer Capital Fund				
Total Interfund Receivables and Payable	\$ 768,695.26	\$ 768,695.26	\$ 322,786.18	\$ 322,786.18

11. Contingencies

Litigation

The Borough is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

The Borough is defendant in various tax appeal proceedings. These appeals, if successful, would be funded by either budget appropriation or the authorization of tax appeal refunding bonds.

Claims and Judgments

The Borough participated 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, 2017, significant amounts of grant expenditures 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 any of the individual governmental funds or the overall financial position of the Borough.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Retirement Plans

Description of Plans

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). Those systems are sponsored and administered by the State of New Jersey and are considered cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for PERS and PFRS. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625 or can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Summary of Significant Accounting Policies -PERS and PFRS

GASB 68, Accounting and Financial Reporting for Pensions, is effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Amendments to and further clarification of GASB 68, include GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68* and *Amendments to Certain Provisions of GASB 67 and 68*, and GASB 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*.

New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Therefore, the following information with regards to GASB 68 is for disclosure purposes only.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employees' Retirement System (PERS)

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

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

At June 30, 2017 and June 30, 2016, the Borough has disclosed a liability of \$9,408,674 and \$ 13,384,598, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At June 30, 2017, the Borough's proportion was .04042 %, which was a decrease of .00477 % from its proportion measured as of June 30, 2016.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Retirement Plans (continued):

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

For the year ended December 31, 2017, the Borough recognized pension expense of \$ 402,189, as measured on June 30, 2016. At June 30, 2017 and 2016, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2017		June 30, 2016	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflow of</u>	<u>Outflows of</u>	<u>Inflow of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ 221,542		\$ 248,913	
Changes of assumptions	1,895,524	1,888,574	2,772,574	
Net difference between projected and actual earnings on pension plan investments	64,067		510,367	
Changes in proportion and differences between Borough and proportionate share of contributions	427,805	1,521,791	547,638	936,814
Borough contributions subsequent to the measurement date				
Total	<u>\$ 2,608,938</u>	<u>\$ 3,410,365</u>	<u>\$ 4,079,492</u>	<u>\$ 936,814</u>

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

	<u>Year Ended June 30:</u>
2018	\$ (145,123)
2019	(145,123)
2020	(145,123)
2021	(145,123)
2022	(145,123)
Thereafter	(75,812)
Total	<u>\$ (801,427)</u>

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$ 5,396,431,901	\$ 7,815,204,785
Collective deferred inflows of resources	4,672,602,040	1,129,328,184
Collective net pension liability (Non-State-Local Group)	23,278,401,588	29,617,131,759
Borough's portion of net pension liability	9,408,674	13,384,598
Borough's proportion %	0.0451920818%	0.0404180443%

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

Inflation:	2.25%
Salary Increases:	
Through 2026	1.65% – 4.15% based on age
Thereafter	2.65% – 5.15% based on age
Investment Rate of Return:	7.00%

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Retirement Plans (Continued):

Public Employees' Retirement System (PERS)

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not conform to these assumptions. To the extent the actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Retirement Plans (Continued):

Public Employees' Retirement System (PERS)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2017 and 2016, calculated using the discount rate of 5.00% and 3.98% respectively, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(4.00%)</u>	<u>(5.00%)</u>	<u>(6.00%)</u>
Borough's proportionate share of the net pension liability	\$ 11,672,099	\$ 9,408,674	\$ 7,522,961
	June 30, 2016		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(2.98%)</u>	<u>(3.98%)</u>	<u>(4.98%)</u>
Borough's proportionate share of the net pension liability	\$ 16,401,263	\$ 13,384,598	\$ 10,894,080

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PERS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under disability provisions of PERS. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 23 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement 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.

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

At June 30, 2017, and June 30, 2016, the Borough has disclosed a liability of \$24,747,525 and \$31,042,021, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2017 and 2016. At June 30, 2017, the District's proportion was .16030 %, which was a decrease of .0022 % from its proportion measured as of June 30, 2016.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Retirement Plans (Continued):

Police and Firemen's Retirement System (PFRS)

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

A special funding situation exists for Local employers of the PFRS, in which the State of New Jersey is required to pay additional costs incurred by Local employers under 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. Since the local participating employers do not contribute under this legislation, there is no pension liability, deferred inflows or outflows to report. The amount of the Borough's proportionate share of collective net pension liability at June 30, 2017 and June 30, 2016 was \$2,771,931 and \$2,606,760, respectively.

For the year ended December 31, 2017, the Borough recognized pension expense of \$ 1,364,165, as measured on June 30, 2016. At June 30, 2017 and 2016, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	June 30, 2017		June 30, 2016	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflow of</u>	<u>Outflows of</u>	<u>Inflow of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ 160,547	\$ 145,247		\$ 203,485
Changes of assumptions	3,051,645	4,052,921	4,299,575	
Net difference projected and actual earnings on pension plan investments	472,241		2,175,052	
Changes in proportion and differences between Borough's and proportionate share of contributions	517,222	392,468	748,429	149,823
Borough contributions subsequent to the measurement date				
Total	<u>\$ 4,201,655</u>	<u>\$ 4,590,636</u>	<u>\$ 7,223,056</u>	<u>\$ 353,308</u>

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

	Year Ended June 30:
2018	\$ (59,617)
2019	(59,617)
2020	(59,617)
2021	(59,617)
2022	(59,617)
Thereafter	(90,896)
Total	<u>\$ (388,981)</u>

	6/30/2017	6/30/2016
Collective deferred outflows of resources	\$ 2,298,433,198	\$ 3,984,339,036
Collective deferred inflows of resources	2,618,912,538	125,220,083
Collective net pension liability (Non-State-Local Group)	17,167,260,198	20,706,699,056
Borough's portion of net pension liability	24,747,525	31,042,021
Borough's portion of net pension liability	0.1603019674%	0.1625019055%

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Retirement Plans (Continued):

Police and Firemen's Retirement System (PFRS)

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

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

Inflation:	2.25%
Salary Increases:	
Through 2026	2.10-8.98% based on age
Thereafter	3.10-9.98% based on age
Investment Rate of Return:	7.00%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00%) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Retirement Plans (Continued):

Police and Firemen's Retirement System (PFRS)

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

Discount rate. The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employees contributed 100% of their actuarially determined contributions.

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

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2017 and 2016, calculated using the discount rate of 6.14% and 5.55%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(5.14%)</u>	<u>(6.14%)</u>	<u>(7.14)</u>
Borough's proportionate share of the net pension liability	\$ 32,606,902	\$ 24,747,525	\$ 18,290,153

	June 30, 2016		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(4.55%)</u>	<u>(5.55%)</u>	<u>(6.55)</u>
Borough's proportionate share of the net pension liability	\$ 40,026,410	\$ 31,042,021	\$ 23,715,792

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PFRS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after 4 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of the 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 early retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and tier 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 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.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Retirement Plans (Continued):

Police and Firemen's Retirement System (PFRS)

Funding Policy

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 8.5% for PFRS of the employees' annual compensation, as defined. Under the provisions of Chapter 78, P.L. 2012, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2012. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. PFRS employee pension contribution rates increased from 8.5% to 10% of salary, effective October 1, 2012. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The Borough's contributions to PERS and PFRS were as follows:

Year Ended December 31,	PERS Amount	PFRS Amount
2017	\$ 402,189.00	\$ 1,364,165.36
2016	375,545.51	1,331,485.00
2015	364,132.61	1,244,471.00
2014	384,503.98	1,118,398.00

13. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial.

Under DCRP, the value of the pension is based on the amount of the contributions made by the employees and employer and through investment earnings. The employee, through options provided under the plan, directs investment of contributions. The employee contribution to DCRP is 5.5% of defined salary and the employer contributes 3%. The employer also makes contribution for eligible members' life insurance and disability coverage under DCRP.

14. Deferred Compensation Plan

The Borough maintains a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457.

Any employee of the Borough is eligible to participate in the plan. Participation in the plan is entirely voluntary on the part of each employee. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Borough does not and is not required to make contributions to the plan.

The deferred compensation plan is administered by unrelated financial institutions. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held in trust for the exclusive benefit of participants and their beneficiaries and is not a part of the financial statements of the Borough.

15. Post-Employment Benefits

Plan Description. The Borough contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

15. Post-Employment Benefits (Continued):

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On November 20, 2001, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 97. Any PBA employee who retires after twenty (20) years or more of service within the Borough or any non-PBA employee who retires after twenty-five (25) years or more of service or any employee who retires under disability shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits. The health insurance coverage ends when the retiree reaches the age of 65.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

Funding Policy. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions for retirees to SHBP for the years ended December 31, 2017 and 2016 were \$495,497.76 and \$409,563.75, respectively, which equaled the required contribution for each year. There were approximately 20 and 19 retired participants eligible at December 31, 2017 and 2016, respectively.

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 accessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting: The financial statements of the health benefits program are prepared on the accrual basis of accounting. Employer contributions are recognized when payable in accordance with terms of the health benefit program.

Significant Legislation: P.L. 2011, C.78, effective October 2011, set new employee contribution requirements towards the cost of employer-provided health coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions have been phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

Health Insurance Waiver: The Borough offers health insurance waivers in an amount of the lesser of \$5,000 or the actual net insurance cost to employees that can show that coverage is provided by a spouse or other means. In 2017 the Borough had one employee that were received the health insurance waiver incentive.

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

16. Compensated Absences

The Borough's policy to compensate police officers for unused sick time amounted to \$94,950.96 in 2017 and was paid in 2017, and \$83,074.71 in 2016 paid in 2017, respectively.

The Borough has permitted other employees to accrue unused sick pay which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the total cost of accumulated absence is \$909,541.18 for 2017 and \$994,185.15 for 2016.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

17. Risk Management

The purpose of the South Bergen Municipal Joint Insurance Fund is to administer employee life, health, property and liability, worker's compensation, unemployment, and disability insurance programs of the Borough on a cost - reimbursement basis. This fund accounts for the risk financing activities of the Borough but does not constitute a transfer of risk from the Borough. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

18. Insurance

The Borough is a member of the South Bergen Municipal Joint Insurance Fund. The coverage includes general liability, automotive liability, law enforcement professional liability, and employee benefits liability. The employee benefit program includes prescription drug card plan, dental benefits, long-term disability benefit, and group life insurance benefit. There has been no reduction in insurance coverage from prior years and settlements did not exceed insurance coverage for the past three years. The fund continues to provide broader coverage than the conventional insurance market at a lower premium. According to the Borough's insurance manager, Professional Insurance Associates, Inc., the fund actuary has reported that all funds of which the Borough is a member are financially sound. The Borough has contracted with the State of New Jersey sponsored health coverage for its employees.

19. Subsequent Events

The Borough has approved its 2018 budget on March 20, 2018 and is expected to adopt on May 15, 2018.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF CASH

A-4

	Reference	Total	Current Fund	Tax Collector
Balance December 31, 2016	A	\$ 2,980,539.36	\$ 2,821,075.89	\$ 159,463.47
Increased by:				
Miscellaneous Revenue	A-2	12,754,724.79	12,754,724.79	
Non-Budget Revenues	A-2	324,319.77	324,319.77	
Petty Cash	A-5	4,580.60	4,580.60	
Taxes Receivable	A-7	38,451,634.94	38,451,634.94	
Tax Title Liens Receivable-Municipal	A-10	28,656.24	28,656.24	
Senior Citizens and Veterans	A-8	40,278.56	40,278.56	
Tax Overpayments	A-15	117,199.71	117,199.71	
Collector	Contra	159,463.47	159,463.47	
Due to Current Fund- Collector	Contra	28,531,184.95		28,531,184.95
Due From Capital	Contra	2,000,000.00	2,000,000.00	
Tax Title Liens - Outside Lien holder	B-7	385,393.75	385,393.75	
Due to State Marriage License Fees	A-14	2,200.00	2,200.00	
Police Off Duty Receivable/ Reserve	A-23	723,927.91	723,927.91	
Prepaid Taxes	A-16	802,299.80	802,299.80	
Due from Grant Fund- Grant Receivable	E-2	188,036.78	188,036.78	
Due From Sewer Utility	D-14	-	-	
DEA Confiscated Funds	A-20	381,859.63	381,859.63	
Miscellaneous Reserves	A-6	3,150.00	3,150.00	
Budget Offsets	A-3	630,596.55	630,596.55	
Transfer / Due to Other Trust Fund	Contra, B-7	518,245.50	518,245.50	
Due to Dog License Fund	Contra	8,504.00	8,504.00	
		<u>86,056,256.95</u>	<u>57,525,072.00</u>	<u>28,531,184.95</u>
		89,036,796.31	60,346,147.89	28,690,648.42
Decreased by:				
2017 Budget Appropriations	A-3	22,333,574.60	22,333,574.60	
2016 Appropriation Reserves	A-13	720,043.28	720,043.28	
Petty Cash	A-5	4,580.60	4,580.60	
Tax Overpayments	A-15	116,038.91	116,038.91	
Local District School Tax	A-18	15,293,687.00	15,293,687.00	
Regional School Tax	A-19	5,428,699.92	5,428,699.92	
County Taxes	A-17	6,167,574.40	6,167,574.40	
Due to Grant Fund - Expenditures	E-2	149,804.31	149,804.31	
Due to Grant Fund	E-2	53,232.47	53,232.47	
Due from Dog License Fund	Contra	8,504.00	8,504.00	
Transfer to Other Trust Fund	B-7	903,639.25	903,639.25	
Due from Capital Fund	Contra, C-4	2,000,000.00	2,000,000.00	
Transfer to Current Fund	Contra	28,531,184.95		28,531,184.95
Transfer to Current Fund - To close account	Contra			159,463.47
Due to State of NJ Marriage License	A-14	2,075.00	2,075.00	
Due from Sewer Utility Fund	D-14	100,000.00	100,000.00	
DEA Confiscated Funds	A-20	442,728.84	442,728.84	
Miscellaneous Reserves	A-6	2,847.67	2,847.67	
Revaluation Reserve	A-21	10,848.61	10,848.61	
Tax Appeals- Reserve	A-24	74,231.85	74,231.85	
Police Off Duty Receivable/ Reserve	A-23	633,694.90	633,694.90	
		<u>83,136,454.03</u>	<u>54,445,805.61</u>	<u>28,690,648.42</u>
Balance December 31, 2017	A	\$ 5,900,342.28	\$ 5,900,342.28	\$ -

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF CHANGE FUND

A-5

	Balance December 31, 2016	Increased	Decreased	Balance December 31, 2017
Petty Cash	\$ 950.00	\$ 4,380.60	\$ 4,580.60	\$ 750.00
Collector - Change Fund	100.00			100.00
Borough Clerk - Change Fund	100.00		-	100.00
	<u>\$ 1,150.00</u>	<u>\$ 4,380.60</u>	<u>\$ 4,580.60</u>	<u>\$ 950.00</u>
	A	A-4	A-4	A

SCHEDULE OF MISCELLANEOUS RESERVES

A-6

	Balance December 31, 2016	Cash Receipts	Cash Disbursements/ Transfer to Trust Fund	Balance December 31, 2017
Donations for First Aid Squad	\$ 2,535.36	\$ 1,350.00	\$ 3,885.36	\$ -
Donations for St. Joe's Park	785.00		785.00	-
Donations for Police Equipment	451.01	1,000.00	1,451.01	-
Meadowlands Hospital's Donation for Police Equip.	183.00		183.00	-
Fire Department Training	10,236.34	800.00	11,036.34	-
	<u>\$ 14,190.71</u>	<u>\$ 3,150.00</u>	<u>\$ 17,340.71</u>	<u>\$ -</u>
Reference	A	A-4	Below	A

Transfer Misc. Res. to Trust Fund	B-7	14,493.04
Cash Disbursements	A-4	2,847.67
		<u>\$ 17,340.71</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-7

Year	Balance	2017 Levy	Collections		Prior Year Seniors Citizen Vets. Allowed/ Disallowed/ (Net)	Transfer to Lien	Added (Canceled)	Balance
	Dec. 31, 2016		2016	2017	Dec. 31, 2017			
2015	197,366.29			199,767.04	4,028.56		130.65	1,758.46
2016		38,865,589.64	198,346.21	38,296,117.90		42,413.30	(116,746.17)	211,966.06
	<u>\$ 197,366.29</u>	<u>\$ 38,865,589.64</u>	<u>\$ 198,346.21</u>	<u>\$ 38,495,884.94</u>	<u>\$ 4,028.56</u>	<u>\$ 42,413.30</u>	<u>\$ (116,615.52)</u>	<u>\$ 213,724.52</u>
Reference	A	Below	A-16	Below	A-1,8	A-10		A
			Reference					
Cash Receipts			A-4	\$ 38,451,634.94				
State of NJ - Realized								
Seniors and Veterans Deductions			A-8	44,250.00				
			Above	<u>\$ 38,495,884.94</u>				
Analysis of 2017 Property Tax Levy								
Tax Yield:								
General Purpose Tax		\$ 38,780,017.64						
Added 6% Penalty		14,653.22						
Senior Citizen's & Veteran's Deduction		44,000.00						
Added Taxes (54:4-63.1 et. seq.)		26,918.78						
		<u>\$ 38,865,589.64</u>	Above					
Tax Levy:								
Local & Regional District School								
Tax (Abstract)		\$ 21,276,916.00	A-18,19					
County Taxes		6,165,403.77	A-17					
Due County for Added Taxes		4,270.17	A-17					
Local Tax for Municipal Purposes		11,367,757.18	A-2					
Add: Additional Taxes Levied		<u>51,242.52</u>						
Total Tax Levy		<u>\$ 38,865,589.64</u>	Above					

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF DUE FROM / (TO) STATE OF NEW JERSEY PER CHAPTER 20, P.L. 1971

A-8

	Reference		
Balance December 31, 2016	A		\$ 179.24
Increased by:			
Senior Citizens Deductions Per Tax Billing		11,250.00	
Veterans Deductions Per Tax Billing		32,750.00	
Senior Citizens/Veteran Deductions Allowed by Tax Collector		<u>250.00</u>	
			<u>44,250.00</u>
			44,429.24
Decreased by:			
Cash Receipts - State of New Jersey	A-4	40,278.56	
Senior Citizens Deductions Disallowed by			
Tax Collector 2016 Taxes	A-1,7	<u>4,028.56</u>	
			<u>44,307.12</u>
Balance December 31, 2017	A		<u><u>\$ 122.12</u></u>
<i>Calculation of Amount Realized from State Reimbursement</i>			
Deductions per tax billings:			
Senior Citizens		\$ 11,250.00	
Veterans		32,750.00	
Senior Citizens/Veteran Deductions Allowed by Tax Collector		<u>250.00</u>	
Amount Realized	A-7		<u><u>\$ 44,250.00</u></u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

A-9

	Reference	
Balance December 31, 2016	A	<u>\$ 636,900.00</u>
Balance December 31, 2017	A, Below	<u>\$ 636,900.00</u>
<i>Analysis of Balance</i>		Assessed
Block	Lot	Valuation
70	10	\$ 38,000.00
107.03	1	134,400.00
108.01	3	250,000.00
108.04	3	62,000.00
109.02	3	152,500.00
	Above	<u>\$ 636,900.00</u>

SCHEDULE OF TAX TITLE LIENS

A-10

	Reference	
Balance December 31, 2016	A	\$ 282,323.78
Increased by:		
Interest & Costs		5,755.75
Transferred to Lien	A-7	<u>42,413.30</u>
		330,492.83
Decreased by:		
Payments of Liens	A-2,4	<u>28,656.24</u>
Balance December 31, 2017	A, Below	<u>\$ 301,836.59</u>
<i>Analysis of Balance</i>		
Block	Lot	
6.01	8 COA08	\$ 35.00
8	3	10,819.85
19	15	325.50
23.02	10	1,338.99
46	31	1,032.60
70	26	263.57
79	26.01	2,429.64
91	1.02	2,275.96
102.C	3	42,725.23
102	6	82,991.43
105.01	11	79,722.27
105.02	7	77,596.88
108.04	2	279.67
	Above	<u>\$ 301,836.59</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-11

	Balance Dec. 31, 2016	Accrued in 2017	Collected	Balance Dec. 31, 2017
Construction Code:				
Official Fees	\$ 34,768.58	\$ 139,170.10	\$ 169,378.68	\$ 4,560.00
	<u>\$ 34,768.58</u>	<u>\$ 139,170.10</u>	<u>\$ 169,378.68</u>	<u>\$ 4,560.00</u>
Reference	A			A

SCHEDULE OF ACCOUNTS PAYABLE

A-12

	Balance Dec. 31, 2016	Amount Charged 2017 Budget	Disbursed	Balance Dec. 31, 2017
Accounts Payable		\$ 25,000.00		\$ 25,000.00
	<u>\$ -</u>	<u>\$ 25,000.00</u>	<u>\$ -</u>	<u>\$ 25,000.00</u>
Reference	A	A-13	A-4	A

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF 2016 APPROPRIATION RESERVES

A-13

	Balance December 31, 2016	Encumbrances December 31, 2016	Transfers	Modified by Transfers	Paid or Charged	Lapsed	Over - expenditures
GENERAL GOVERNMENT							
Administrative & Executive:							
Municipal Clerk:							
Salaries and Wages	\$ 311.25			\$ 311.25		\$ 311.25	\$ -
Other Expenses	2,896.79	116.00		3,012.79	323.67	2,689.12	-
Other Expenses-Code Publishing	7,543.30			7,543.30		7,543.30	-
Mayor and Council:							
Salaries and Wages	1.22			1.22		1.22	-
Other Expenses	1,342.06			1,342.06	399.85	942.21	-
Elections:							
Other Expenses	7,761.68			7,761.68		7,761.68	-
Financial Administration:							
Salaries and Wages	1,464.31			1,464.31		1,464.31	-
Other Expenses:							
Annual Audit	44,000.00			44,000.00	44,000.00	-	-
Miscellaneous - Other Expenditures	6,400.73			6,400.73		6,400.73	-
Purchasing:							
Salaries and Wages	0.10			0.10		0.10	-
Assessment of Taxes:							
Salaries and Wages	1,346.18			1,346.18		1,346.18	-
Other Expenses	6,239.82			6,239.82		6,239.82	-
Ordinance Enforcement:							
Salaries and Wages	710.84			710.84		710.84	-
Redevelopment Agency (R.S. 40:550-1):							
Salaries and Wages	63.04			63.04		63.04	-
Other Expenses (R.S. 40:550-1)	15,809.03			15,809.03		15,809.03	-
Collection of Taxes:							
Salaries and Wages	844.86			844.86		844.86	-
Other Expenses	2,384.97			2,384.97	1,013.88	1,371.09	-
Legal Services and Costs:							
Other Expenses	11,817.87		25,000.00	36,817.87	30,450.56	6,367.31	-
Ordinance Recodification				-		-	-
Tax Appeals - Professional Fees							
	4,350.00		24,000.00	28,350.00	27,844.00	506.00	-
Engineering Services and Costs:							
Salaries and Wages				-		-	-
Other Expenses	12,738.79			12,738.79	3,906.36	8,832.43	-
Public Buildings and Grounds:							
Other Expenses	1,933.09	4,146.12	5,000.00	11,079.21	10,562.52	516.69	-
Contracted Service	22,110.62	350.00		22,460.62	3,095.00	19,365.62	-
Municipal Land Use Law (NJSA 40:55D-1):							
Planning Board - Salaries & Wages	0.04			0.04		0.04	-
Planning Board - Other Expenses	908.14		1,000.00	1,908.14	1,782.50	125.64	-
Zoning Board of Adjustment:							
Salaries and Wages	0.04			0.04		0.04	-
Other Expenses	4,343.32			4,343.32	1,350.00	2,993.32	-
Municipal Court:							
Salaries and Wages	2,199.75			2,199.75		2,199.75	-
Other Expenses	3,017.39	402.15		3,419.54	1,293.77	2,125.77	-
Public Defender:							
Salaries and Wages				-		-	-
Unemployment Compensation Insurance:							
Liability	40,000.00			40,000.00	40,000.00	-	-
Workman's Compensation	107,323.49			107,323.49	84,692.08	22,631.41	-
Employee Group Insurance	104,929.80			104,929.80	89,510.78	15,419.02	-
Self-Insurance Eye Care	100,183.93		(12,000.00)	88,183.93	68,774.50	19,409.43	-
	1,640.48			1,640.48	1,341.96	298.52	-
Rent Control Board:							
Salaries and Wages	0.12			0.12		0.12	-
Other Expenses	500.00			500.00		500.00	-
PUBLIC SAFETY							
Fire:							
Other Expenses:							
Clothing Allowance	10,806.95			10,806.95		10,806.95	-
Other Expense-Lease/Purchase Equipment	30.18			30.18		30.18	-
Gear Maintenance	9,958.15	15,079.30		25,037.45	21,667.42	3,370.03	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF 2016 APPROPRIATION RESERVES

A-13

	Balance December 31, 2016	Encumbrances December 31, 2016	Transfers	Modified by Transfers	Paid or Charged	Lapsed	Over - expenditures
GENERAL GOVERNMENT (Continued)							
Fire Alarm System:							
Other Expenses				\$ -		\$ -	\$ -
Fire Prevention and Life Safety:							
Salaries & Wages:							
Fire Official	3,513.60			3,513.60		3,513.60	-
Other Salaries	960.00			960.00		960.00	-
Other Expenses	565.05	200.00		765.05	255.00	510.05	-
Police:							
Salaries and Wages:	78,449.32			78,449.32	50,000.00	28,449.32	-
Clothing Allowance				-		-	-
Overtime	3,228.45			3,228.45		3,228.45	-
Sick Pay	269.22			269.22		269.22	-
Other Expenses	36,288.45	4,174.94		40,463.39	8,872.86	31,590.53	-
911 Service	24.50			24.50		24.50	-
Police Cars	2.77			2.77		2.77	-
Special Police:							
Salaries and Wages	389.78			389.78		389.78	-
Other Expenses	976.39			976.39	79.98	896.41	-
Traffic Lights:							
Other Expenses	13,973.84			13,973.84	828.81	13,145.03	-
Traffic Control:							
Salaries and Wages	1,485.00			1,485.00		1,485.00	-
Other Expenses	500.00			500.00		500.00	-
First Aid Organization:							
Other Expenses	2,337.08			2,337.08	988.80	1,348.28	-
Emergency Management Services:							
Salaries and Wages	5.70			5.70		5.70	-
Other Expenses	7,645.50			7,645.50		7,645.50	-
First Responder:							
Salaries and Wages	421.56			421.56		421.56	-
Towing Director:							
Salaries and Wages	11.52			11.52		11.52	-
STREETS AND ROADS							
Road Repair and Maintenance:							
Salaries and Wages	133,309.09			133,309.09	77,000.00	56,309.09	-
Other Expenses	1,407.46	3,902.02	2,000.00	7,309.48	7,287.82	21.66	-
Recycling Costs	1,237.40	2,437.40	5,000.00	8,674.80	4,859.85	3,814.95	-
Lease Vehicles	16.79			16.79		16.79	-
HEALTH AND WELFARE							
Board of Health:							
Salaries and Wages				-		-	-
Other Expenses	13,437.65	1,425.50		14,863.15	4,910.50	9,952.65	-
SANITATION							
Garbage and Trash Removal:							
Salaries and Wages	83,830.37			83,830.37	28,000.00	55,830.37	-
Dumping Fees - Bergen County:							
Sanitary Landfill - Contractual	17,383.50	1,227.50	10,000.00	28,611.00	23,226.45	5,384.55	-
RECREATION AND EDUCATION							
Board of Recreation Commission (R.S.4061-1 et. seq.):							
Salaries and Wages	3,001.78			3,001.78		3,001.78	-
Other Expenses	1,119.53	105.00		1,224.53	187.00	1,037.53	-
Senior Citizens:							
Salaries and Wages	62.42			62.42		62.42	-
Other Expenses	113.00			113.00		113.00	-
Celebration of Public Events, Anniversary or Holiday:							
Other Expenses	5,362.13			5,362.13	1,623.20	3,738.93	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF 2016 APPROPRIATION RESERVES

A-13

GENERAL GOVERNMENT (Continued)

STATE UNIFORM CONSTRUCTION CODE

Sub-Code Official - Salaries and Wages:

	Balance December 31, 2016	Encumbrances December 31, 2016	Transfers	Modified by Transfers	Paid or Charged	Lapsed	Over - expenditures
Construction Code Official	\$ 278.14			\$ 278.14		\$ 278.14	\$ -
Plumbing Inspector	258.94			258.94		258.94	-
Fire Inspector	18.10			18.10		18.10	-
Electrical Inspector	157.94			157.94		157.94	-
Other Salaries	4,285.46			4,285.46		4,285.46	-
Building Sub-Code Official	377.06			377.06		377.06	-
Other Expense	1,639.74	50.00		1,689.74		1,689.74	-
Rental Expense	22.10			22.10		22.10	-

UNCLASSIFIED

Utilities:

Street Lighting	53,996.17		(10,000.00)	43,996.17	43,917.66	78.51	-
Gasoline	57,316.36		(20,000.00)	37,316.36	6,839.62	30,476.74	-
Fuel Oil	66,470.20		(20,000.00)	46,470.20	27,227.20	19,243.00	-
Electricity				-		-	-
Telephone and Telegraph	3,620.66			3,620.66	1,157.51	2,463.15	-
Water	3,345.95			3,345.95	1,485.34	1,860.61	-
Fire Hydrant Services	388.08			388.08		388.08	-
Purchase of Postage	2,387.65			2,387.65	220.02	2,167.63	-

Vehicle Maintenance:

Salaries & Wages	2,189.92			2,189.92		2,189.92	-
Other Expenses	33,807.86	11,543.51		45,351.37	23,730.87	21,620.50	-
Contingent	1,850.00			1,850.00		1,850.00	-

STATUTORY EXPENDITURES:

Social Security System (O.A.S.I)	22,529.31		(10,000.00)	12,529.31		12,529.31	-
Maintenance of Free Public Library Ch.82, PL 1985	335.94			335.94	335.94	-	-

Joint Meeting

TOTAL GENERAL APPROPRIATIONS

	\$ 1,204,516.76	\$ 45,159.44	\$ -	\$ 1,249,676.20	\$ 745,043.28	\$ 504,632.92	\$ -
Reference	A	A-22			Below	A-1	

Accounts Payable
Cash Disbursements

A-12 25,000.00
A-4 720,043.28
Above \$ 745,043.28

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF DUE TO STATE OF NEW JERSEY-MARRIAGE LICENSE FEES

A-14

	Reference	
Balance December 31, 2016	A	\$ 325.00
Increased by:		
Due to State of NJ-Marriage license fees collected	A-4	2,200.00
		<u>2,525.00</u>
Decreased by:		
Disbursements to State of NJ	A-4	2,075.00
		<u>2,075.00</u>
Balance December 31, 2017	A	<u>\$ 450.00</u>

SCHEDULE OF TAX OVERPAYMENTS

A-15

	Reference	
Balance December 31, 2016	A	\$ 203,008.44
Increased by:		
Cash Receipts	A-4	\$ 117,199.71
Judgements - Charged to Tax Appeal Reserve	A-24	2,668.88
		<u>119,868.59</u>
		<u>322,877.03</u>
Decreased by:		
Cancelled	A-1	184,589.92
Overpayments and Tax Appeals Refunded	A-4	116,038.91
		<u>300,628.83</u>
Balance December 31, 2017	A	<u>\$ 22,248.20</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF PREPAID TAXES

A-16

	Reference	
Balance December 31, 2016	A	\$ 198,346.21
Increased by:		
Collection of Taxes - 2018	A-4	802,299.80
		<u>1,000,646.01</u>
Decreased by		
Applied to 2017 Taxes	A-7	198,346.21
		<u>198,346.21</u>
Balance December 31, 2017	A	<u>\$ 802,299.80</u>

SCHEDULE OF COUNTY TAXES PAYABLE

A-17

	Reference	
Balance December 31, 2016	A	\$ 2,170.63
Increased by:		
2017 Levy	A-1,2,7	\$ 5,915,168.16
County Open Space	A-1,2,7	250,235.61
Added Taxes	A-1,2,7	<u>4,270.17</u>
		<u>6,169,673.94</u>
		6,171,844.57
Decreased by:		
Payments	A-4	<u>6,167,574.40</u>
		<u>6,167,574.40</u>
Balance December 31, 2017	A	<u>\$ 4,270.17</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

A-18

	Reference		
Balance December 31, 2016			
School Tax Deferred		\$	7,405,607.00
Increased by:			
Adjustment	A-1	\$	0.50
Levy-School Year July 1, 2017 - June 30, 2018	A-7		15,776,159.00
			<u>15,776,159.50</u>
			23,181,766.50
Decreased by:			
Adjustment	A-1		
Payments	A-4		15,293,687.00
			<u>15,293,687.00</u>
Balance December 31, 2017		\$	<u>7,888,079.50</u>
Due from School			
School Tax Deferred		\$	<u>7,888,079.50</u>
2017 Liability for Local District Tax			15,293,686.50
		\$	-
Taxes Paid			15,293,687.00
Adjustment			<u>(0.50)</u>
Amount Charged to 2017 Operations	A-1,2	\$	<u>15,293,686.50</u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE

A-19

	Reference		
Balance December 31, 2016			
School Tax Deferred		\$	2,678,321.50
School tax Payable			-
Increased by:			
Adjustment	A-1		
Levy-School Year July 1, 2017 - June 30, 2018	A-7		5,500,757.00
			<u>5,500,757.00</u>
			8,179,078.50
Decreased by:			
Adjustment	A-1	0.08	
Payments	A-4		5,428,699.92
			<u>5,428,700.00</u>
Balance December 31, 2017		\$	<u>2,750,378.50</u>
			Below
Regional High School Tax Payable		\$	-
Regional High School Tax Deferred			<u>2,750,378.50</u>
		\$	<u>2,750,378.50</u>
2017 Liability for Regional School Tax			
Tax Paid		\$	5,428,699.92
Adjustment			0.08
Regional School Tax Payable- Prior Year	A		<u>-</u>
Amount Charged to 2017 Operations	A-1,2	\$	<u>5,428,700.00</u>

Note: School Tax is levied for a school fiscal year.

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF RESERVE FOR DEA CONFISCATED FUNDS

A-20

	Reference		
Balance December 31, 2016	A	\$	535,016.07
Increased by:			
Cash Received	A-4		381,859.63
			<u>916,875.70</u>
Decreased by:			
Transfer Reserve for DEA to Trust Fund	B-7	474,146.86	
Cash Disbursements	A-4	<u>442,728.84</u>	
			<u>916,875.70</u>
Balance December 31, 2017	A	<u>\$</u>	<u>-</u>

SCHEDULE OF RESERVE FOR REVALUATION

A-21

	Reference		
Balance December 31, 2016	A	\$	10,848.61
Decreased by:			
Cash Disbursements	A-4		<u>10,848.61</u>
Balance December 31, 2017	A	<u>\$</u>	<u>-</u>

SCHEDULE OF ENCUMBRANCE PAYABLE

A-22

	Reference		
Balance December 31, 2016	A	\$	45,159.44
Increased by:			
Budget Appropriations Payable	A-3		61,365.03
			<u>106,524.47</u>
Decreased by:			
Encumbrances Transferred to Appropriation Reserve Schedule	A-13		<u>45,159.44</u>
Balance December 31, 2017	A	<u>\$</u>	<u>61,365.03</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF POLICE OFF DUTY RECEIVABLE/ (PAYABLE)

A-23

Balance December 31, 2016	Reference A		\$ (83,550.92)
Increased by:			
Transfer Police Off Duty Receivable to Trust	B-7	173,783.93	
Cash Disbursements	A-4	<u>633,694.90</u>	
			<u>807,478.83</u>
Decreased by:			<u>723,927.91</u>
Cash Receipts	A-4		
			<u>723,927.91</u>
Balance December 31, 2017	A		<u><u>\$ -</u></u>

SCHEDULE OF RESERVE FOR TAX APPEALS

A-24

Balance December 31, 2016	Reference A		\$ -
Increased by:			
Budget Appropriations	A-3		<u>400,000.00</u>
			<u>400,000.00</u>
Decreased by:			
Overpayments	A-15	2,668.88	
Tax Refunds	A-4	<u>74,231.85</u>	
			<u>76,900.73</u>
Balance December 31, 2017	A		<u><u>\$ 323,099.27</u></u>

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF CASH AND CASH EQUIVALENTS

B-1

	Reference	Other Trust	Developers Escrow	Dog License	Unemployment Compensation
Balance December 31, 2016	B	\$ 568,082.33	\$ 290,282.25	\$ 10,029.03	\$ 15,241.92
Increased by Receipts:					
Municipal Dog License Fee	B-6	-	-	7,489.20	-
State Dog License Fee	B-3	-	-	1,024.80	-
Escrow Deposits	B-5	-	400,996.31	-	-
Special Reserves	B-8	4,744,474.60	-	-	-
Interfunds	Contra	-	-	-	-
Due to Current Fund	B-7	485,502.74	-	-	-
Transfer from Payroll Agency	B-2	-	-	-	70,972.20
Budget Requirement	B-2	-	-	-	-
		<u>5,229,977.34</u>	<u>400,996.31</u>	<u>8,514.00</u>	<u>70,972.20</u>
		<u>5,798,059.67</u>	<u>691,278.56</u>	<u>18,543.03</u>	<u>86,214.12</u>
Decreased by Disbursements:					
Interfunds	Contra	-	-	-	-
Transfer to Current Fund	B-4,7	410,000.00	-	-	-
Dog License Fund Expenditures	B-6	-	-	360.00	-
State Dog License Fees	B-3	-	-	1,024.80	-
State of NJ Unemployment Fund	B-2	-	-	-	54,160.18
Escrow Disbursements	B-5	-	218,214.65	-	-
Special Reserves	B-8	4,760,126.42	-	-	-
		<u>5,170,126.42</u>	<u>218,214.65</u>	<u>1,384.80</u>	<u>54,160.18</u>
Balance December 31, 2017	B	<u>\$ 627,933.25</u>	<u>\$ 473,063.91</u>	<u>\$ 17,158.23</u>	<u>\$ 32,053.94</u>

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF UNEMPLOYMENT TRUST RESERVE

	Reference		B-2
Balance December 31, 2016	B	\$ 15,241.92	
Increased by:			
Refund of Overpayment	B-1		
Transfer from Payroll Agency	B-1	70,972.20	
		<u>70,972.20</u>	
		86,214.12	
Decreased by:			
Payments to State of NJ	B-1	54,160.18	
		<u>54,160.18</u>	
Balance December 31, 2017	B	<u>\$ 32,053.94</u>	

SCHEDULE OF DUE TO / (FROM) STATE OF NEW JERSEY - DOG LICENSE FUND

	Reference		B-3
Balance December 31, 2016	B	\$ 1.20	
Increased by:			
2017 Fees Collected	B-1	1,024.80	
		<u>1,024.80</u>	
		1,026.00	
Decreased by:			
Payments	B-1	1,024.80	
		<u>1,024.80</u>	
Balance December 31, 2017	B	<u>\$ 1.20</u>	

SCHEDULE OF DUE TO CURRENT FUND - DOG LICENSE FUND

	Reference		B-4
Balance December 31, 2016	B	\$ -	
Increased by:			
Statutory Excess	B-6	6,271.43	
		<u>6,271.43</u>	
Balance December 31, 2017	B	<u>\$ 6,271.43</u>	

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW FEES

B-5

Balance December 31, 2016	Reference B	\$ 290,282.25
Increased by:		
Escrow Deposits	B-1	<u>400,996.31</u>
		691,278.56
Decreased by:		
Escrow Disbursements	B-1	<u>218,214.65</u>
Balance December 31, 2017	B	<u><u>\$ 473,063.91</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-6

Balance December 31, 2016	Reference B	\$ 10,027.83
Increased by:		
Dog /Cat License Fees Collected	B-1	<u>7,489.20</u>
Decreased by:		
Statutory Excess	B-6	6,271.43
Expenditures	B-1	<u>360.00</u>
		6,631.43
Balance December 31, 2017	B	<u><u>\$ 10,885.60</u></u>
2015 Fees Collected		\$ 5,517.60
2016 Fees Collected		<u>5,368.00</u>
		<u><u>\$ 10,885.60</u></u>

SCHEDULE OF DUE TO / (FROM) CURRENT FUND - OTHER TRUST

B-7

Balance December 31, 2016	Reference B	\$ -
Increased by:		
Transfer from Current Fund	B-1	\$ 485,502.74
Expenditures from Current Fund	B-8	<u>493,136.51</u>
		978,639.25
	A-4	<u>978,639.25</u>
Decreased by:		
Transfer of Other Reserves to Trust Fund	B-8	14,493.04
Transfer of Reserve for DEA Confiscated Funds	B-9	474,146.86
Transfer of Police Off-Duty Receivable/Payable	B-10	173,783.93
Fees Received in Current Fund	B-8	568,639.25
Transfers to Current Fund	B-1	<u>410,000.00</u>
	A-4	<u>1,641,063.08</u>
Balance December 31, 2017	B	<u><u>\$ (662,423.83)</u></u>

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF SPECIAL RESERVES - OTHER TRUST

B-8

	Balance Dec. 31, 2016	Transfers/ Receipts	Disbursements	Balance Dec. 31, 2017
Refundable Deposits	\$ 100.00		\$ 100.00	\$ -
Accumulated Absences		\$ 110,000.00		110,000.00
Tax Title Lien Premiums	168,900.00	75,000.00	62,500.00	181,400.00
Redemption of Third Party Liens	0.00	310,393.75	310,393.75	-
Fees	485.00		41.32	443.68
Escrow Reserve	8.68		8.68	-
Graffiti Reward	500.00			500.00
Fire Official	-			-
Neighborhood Crime Watch	863.67			863.67
Uniform Fire Safety Act Penalty	42,754.62	1,550.00		44,304.62
Elevator Fees	81,727.92	29,192.00	83,896.00	27,023.92
COAH	142,074.99	403.19		142,478.18
Insurance	-	628,992.70	628,992.70	-
Payroll and Payroll Agency	90,612.88	4,115,078.71	4,131,133.72	74,557.87
Snow Removal	26,548.79	29,360.00	23,437.82	32,470.97
Substance Abuse Prevention	13,505.78	13,143.50	12,758.94	13,890.34
Donations for First Aid Squad		3,885.36		3,885.36
Donations for St. Joseph Park		785.00		785.00
Donations Police Equipment		973.34		973.34
Meadowlands Hosp. Don. Police Equip		183.00		183.00
Fire Department Training		8,666.34		8,666.34
	<u>\$ 568,082.33</u>	<u>\$ 5,327,606.89</u>	<u>\$ 5,253,262.93</u>	<u>\$ 642,426.29</u>
	B	Below	Below	B
Reference				
Trust Fund Receipts/Disbursements	B-1	\$ 4,744,474.60	\$ 4,760,126.42	
Expenditures Paid from Current Fund	B-7		493,136.51	
Transfer Reserve from Current Fund	B-7	14,493.04		
Collected in Current Fund	B-7	<u>568,639.25</u>		
	Above	<u>\$ 5,327,606.89</u>	<u>\$ 5,253,262.93</u>	

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF RESERVE FOR DEA CONFISCATED FUNDS

B-9

	Reference	
Balance December 31, 2016	B	\$ -
Increased by:		
Transfer of DEA Confiscated Funds to Trust	B-7	474,146.86
		<u>474,146.86</u>
Decreased by:		
Disbursements	B-1	<u> </u>
Balance December 31, 2017	B	<u>\$ 474,146.86</u>

SCHEDULE OF POLICE OFF DUTY RECEIVABLE/ (PAYABLE)

B-10

	Reference	
Balance December 31, 2016	B	\$ -
Increased by:		
Disbursements	B-7	<u> </u>
		-
Decreased by:		
Transfer of Police Off Duty to Trust	B-7	<u>173,783.93</u>
Balance December 31, 2017	B	<u>\$ (173,783.93)</u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF CASH - TREASURER

C-2

Balance December 31, 2016	Reference C		\$ 4,376,625.43
Increased by Receipts:			
Capital Improvement Fund	C-8	150,000.00	
Serial Bond New Issues	C-13	6,735,000.00	
BAN Received	C-16	13,500,500.00	
BAN Pay Downs	C-16	187,885.24	
Premium on BAN Sale	C-10	523,465.65	
Transfer from Current Fund	C-4	2,000,000.00	
Due to Sewer Capital	Contra	1,045,000.00	
American Dream Proceeds for Defeasance of Debt	C-22	21,500,000.00	
Grants Received	C-14	693,320.15	
	C-3		<u>46,335,171.04</u>
			50,711,796.47
Decreased by Disbursements:			
BAN Payments	C-16	18,254,000.00	
Transfer to Current Fund- Interfund	C-4	2,000,000.00	
Reserve For Payment of BANS- Transfer to Current Fund	C-14	196,600.00	
Improvement Authorizations	C-9	1,868,327.88	
Encumbrance Payable	C-7	114,168.50	
Premium on- BAN /Bond Sale- Transfer to Current Fund	C-10	21,636.18	
Defeasance of Debt	C-22	16,458,385.24	
Due to Sewer Capital	Contra	1,045,000.00	
	C-3		<u>39,958,117.80</u>
Balance December 31, 2017	C		<u>\$ 10,753,678.67</u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF ANALYSIS OF CASH

C-3

	Balance Dec. 31, 2016	Receipts	Disbursements	Transfers (From)/To	Balance Dec. 31, 2017
Bond Anticipation Notes	\$ 8,982,500.00	\$ 13,688,385.24	\$ 18,254,000.00	\$ (187,885.24)	\$ 4,229,000.00
Reserve for Payment of Bonds	711,816.40	693,320.15	196,600.00		1,208,536.55
Capital Improvement Fund	88,391.63	150,000.00		(14,000.00)	224,391.63
Premium on BAN/ Bond Sale	21,636.18	523,465.65	21,636.18		523,465.65
Fund Balance	10,856.30				10,856.30
Reserve for Building & Grounds Improvements	493.09				493.09
Reserve for Roadway Improvements	112,500.00				112,500.00
Encumbrances Payable	114,168.50		114,168.50	21,170.00	21,170.00
Due to Sewer Capital	-	1,045,000.00	1,045,000.00		-
Due to Current Fund		2,000,000.00	2,000,000.00		-
Reserve for American Dream Proceeds		21,500,000.00	16,458,385.24	(5,041,614.76)	-
Improvement Authorizations:					-
05-01 Acquisition of Property	(101.85)				(101.85)
11-15/13.09 Various Capital Improvements	15,985.55				15,985.55
13-11 Various Capital Improvements	28,332.60				28,332.60
13-19 Tax Refunding Bond	(187,000.00)			187,000.00	-
14-4 Renovation of Old Police Bldg & Mun Bldg	(457,000.00)			457,000.00	-
14-20 Various Improvements	(2,626,283.61)		179,447.34	3,063,500.00	257,769.05
15-04 Road Improvements	104,580.00				104,580.00
15-10 Buildings & Park Improvements	(450.50)				(450.50)
15-11 Carlton Ave Improvements	75,000.00				75,000.00
15-21 Purchase of 116 Uhland Street	(97,830.07)		142.50	142,500.00	44,527.43
16-09/16-20 Road Resurfacing	(1,535,425.22)		1,194,081.89	1,379,000.00	(1,350,507.11)
16-10 Various Improvements	(985,543.57)		29,771.69	(1,170.00)	(1,016,485.26)
17-07 DPW Equipment			226,115.30	(5,500.00)	(231,615.30)
17-18 Tax Refunding		6,735,000.00	238,769.16		6,496,230.84
	<u>\$ 4,376,625.43</u>	<u>\$ 46,335,171.04</u>	<u>\$ 39,958,117.80</u>	<u>\$ -</u>	<u>\$ 10,753,678.67</u>
Reference	C	C-2	C-2		C

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF DUE TO/(FROM) CURRENT FUND

	Reference		C-4
Balance December 31, 2016	C	\$	-
Increased by:			
Cash Receipts		\$ 2,000,000.00	2,000,000.00
Decreased by:			2,000,000.00
Cash Disbursements		2,000,000.00	2,000,000.00
Balance December 31, 2017	C	\$	-

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	Reference		C-5
Balance December 31, 2016	C	\$	37,348,761.56
Increased by:			
Green Acres Loan	C-12	179,070.15	
Serial Bond Issue	C-13	6,735,000.00	6,914,070.15
			44,262,831.71
Decreased by:			
2017 Budget Appr. to Pay Bonds	C-13	2,372,077.80	
2017 Budget Appropriation to Pay BCIA Bonds	C-21	15,340,000.00	
State Loan Payable	C-12	41,896.18	17,753,973.98
Balance December 31, 2017	C	\$	26,508,857.73

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

Ord. #	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Down Payment	Bond Anticipation Note Pay-Down/Serial Bonds	Balance Dec. 31, 2017	Analysis of Balance Dec. 31, 2017	
							Expenditures	Unexpended Improvement Authorizations
05-01	Acquisition of Land	\$ 101.85				\$ 101.85	\$ 101.85	
13-19	Tax Refunding Bond	187,000.00			187,000.00	-		
14-4	Renovation of Old Police Bldg & Mun Bldg	457,000.00			457,000.00	-		
14-20	Various Improvements	3,064,000.00			3,064,000.00	-		
15-10	Buildings & Park Improvements	450.50				450.50	450.50	
15-11	Carlton Ave Improvements	1,425,000.00				1,425,000.00	0.00	1,425,000.00
15-21	Purchase of 116 Uhland Street	142,500.00			142,500.00	-		
16-09/16-20	Road Resurfacing	3,061,000.00			1,379,000.00	1,682,000.00	1,350,507.11	331,492.89
16-10	Various Improvements	1,122,000.00				1,122,000.00	1,016,485.26	105,514.74
17-07	DPW Equipment		275,000.00	14,000.00		261,000.00	231,615.30	29,384.70
17-18	Tax Refunding		7,200,000.00		6,735,000.00	465,000.00	0.00	465,000.00
		<u>\$ 9,459,052.35</u>	<u>\$ 7,475,000.00</u>	<u>\$ 14,000.00</u>	<u>\$ 11,964,500.00</u>	<u>\$ 4,955,552.35</u>	<u>\$ 2,599,160.02</u>	<u>\$ 2,356,392.33</u>
Reference		C	C-17	C-17	Below	C		C-9
	American Dream Funds for BAN Paydown			C-16	\$ 5,041,614.76			
	Bond Anticipation Note Paydown			C-16	187,885.24			
	Serial Bonds			C-13	6,735,000.00			
					<u>\$ 11,964,500.00</u>			
					Above			

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF ENCUMBRANCE PAYABLE

C-7

Balance December 31, 2016	Reference C	\$ 114,168.50
Increased by:		
Improvement Authorizations Expenditures	C-9	<u>21,170.00</u>
		135,338.50
Decreased by:		
Prior Year Encumbrances Disbursed	C-2	<u>114,168.50</u>
Balance December 31, 2017	C	<u><u>\$ 21,170.00</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-8

Balance December 31, 2016	Reference C	\$ 88,391.63
Increased by:		
Budget Appropriations -CIF	C-2	<u>150,000.00</u>
		238,391.63
Decreased by:		
Down payment on Improvements	C-17	<u>14,000.00</u>
Balance December 31, 2017	C	<u><u>\$ 224,391.63</u></u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-9

Ord. #	Improvement Description	Balance December 31, 2016		2017 Authorizations	Cancel/ Expended	Balance December 31, 2017	
		Funded	Unfunded			Funded	Unfunded
10-05	Construction of a New Public Safety Building	3,441.06			3,441.06	(0.00)	
11-15/13-09	Various Capital Improvements	15,985.55				15,985.55	
13-11	Various Capital Improvements	28,332.60				28,332.60	
14-20	Various Improvements		437,716.39		179,947.34	257,769.05	
15-04	Road Improvements	104,580.00				104,580.00	
15-10	Buildings & Park Improvements	-	-			-	-
15-11	Carlton Ave Improvements	75,000.00	1,425,000.00			75,000.00	1,425,000.00
15-21	Purchase of 116 Uhland Street		44,669.93		142.50	44,527.43	
16-09/16-20	Road Resurfacing		1,525,574.78		1,194,081.89		331,492.89
16-10	Various Improvements		136,456.43		30,941.69		105,514.74
17-07	DPW Equipment			275,000.00	245,615.30		29,384.70
17-18	Tax Refunding			7,200,000.00	238,769.16	6,496,230.84	465,000.00
		<u>\$ 227,339.21</u>	<u>\$ 3,569,417.53</u>	<u>\$ 7,475,000.00</u>	<u>\$ 1,892,938.94</u>	<u>\$ 7,022,425.47</u>	<u>\$ 2,356,392.33</u>
Reference		C	C	C-17	Below	C	C,C-6
				Reference			
	Improvement Authorization Disbursements			C-2	\$ 1,868,327.88		
	Encumbrance Payable			C-7	21,170.00		
	Canceled			C-15	3,441.06		
				Above	<u>\$ 1,892,938.94</u>		

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF PREMIUM ON BAN/BOND SALE

C-10

	Reference	
Balance December 31, 2016	C	\$ 21,636.18
Increased by:		
Bond Issue/ BAN	C-2	<u>523,465.65</u> 545,101.83
Decreased by:		
Tran.to Current- Anticipated Revenue	C-2	<u>21,636.18</u>
Balance December 31, 2017	C	<u><u>\$ 523,465.65</u></u>

SCHEDULE OF RESERVE FOR BUILDING AND GROUNDS IMPROVEMENT

C-11

	Reference	
Balance December 31, 2016	C	\$ 493.09
Decreased by:		
Cash Disbursements	C-2	<u>0.00</u>
Balance December 31, 2017	C	<u><u>\$ 493.09</u></u>

SCHEDULE OF STATE LOAN PAYABLE

C-12

	Reference	
Balance December 31, 2016	C	\$ 545,927.30
Increased by:		
State Loan Payable	C-14	<u>179,070.15</u> 724,997.45
Decreased by:		
Paid by Budget Appropriation	C-5	<u>41,896.18</u>
Balance December 31, 2017	C	<u><u>\$ 683,101.27</u></u>

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2016	General Serial Bonds Issued	Decreased	Balance Dec. 31, 2017					
			December 31, 2017											
			Date	Amount										
General Improvement Bonds	11/01/09	\$ 12,505,000.00	11/01/2018	1,059,745.76	3.50%	\$ 6,820,908.78		\$ 1,059,745.76	\$ 5,761,163.02					
			11/01/2019-21	1,156,086.29	4.00%									
			11/01/2022	1,233,158.39	4.00%									
General Improvement Bonds '14	4/30/2014	5,112,000.00	2/1/2018	257,332.04	2.00%	4,636,925.48		257,332.04	4,379,593.44					
			2/1/2019	257,332.04	5.00%									
			2/1/2020	267,229.42	5.00%									
			2/1/2021	272,178.11	5.00%									
			2/1/2022	282,075.50	5.00%									
			2/1/2023	291,972.89	5.00%									
			2/1/2024	301,870.27	5.00%									
			2/1/2025	311,767.66	5.00%									
			2/1/2026	326,613.74	5.00%									
			2/1/2027	336,511.12	5.00%									
			2/1/2028	351,357.20	5.00%									
			2/1/2029	361,254.59	5.00%									
			2/1/2030	376,100.67	4.00%									
			2/1/2031	385,998.19	3.25%									
General Improvement Bonds '14 (Refunded Bonds 2009)	3/04/14	11,175,000.00	6/15/2018	1,035,000.00	4.00%	10,005,000.00		1,055,000.00	8,950,000.00					
			6/15/2019	1,130,000.00	4.00%									
			6/15/2020	1,125,000.00	5.00%									
			6/15/2021	1,130,000.00	5.00%									
			6/15/2022	1,135,000.00	5.00%									
			6/15/2023	1,145,000.00	5.00%									
			6/15/2024	1,150,000.00	5.00%									
			6/15/2025	1,100,000.00	5.00%									
Tax Appeal Refunding Bonds	12/28/2017	6,735,000.00	12/1/2018	335,000.00	4.00%		6,735,000.00		6,735,000.00					
			12/1/2019	340,000.00	5.00%									
			12/1/2020	340,000.00	5.00%									
			12/1/2021	340,000.00	5.00%									
			12/1/2022	340,000.00	5.00%									
			12/1/2023	340,000.00	5.00%									
			12/1/2024	340,000.00	5.00%									
			12/1/2025	340,000.00										

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS

C-14

Balance December 31, 2016	Reference C		\$ 711,816.40
Increased by:			
Receipt from Green Acres Grant- Carlton Avenue- Ord # 10-07	C-19	300,000.00	
Receipt from Green Acres Loan- Carlton Avenue- Ord # 10-07	C-12,19	179,070.15	
Receipt from Bergen County Community Development	C-19	65,000.00	
Receipt from NJ Dept of Transportation- Ord. #16-09		111,750.00	
Receipt from NJ Dept of Transportation- Ord. #11-15		<u>37,500.00</u>	
	C-2		<u>693,320.15</u>
Decreased by:			<u>1,405,136.55</u>
Anticipated in Current Budget	C-2		<u>196,600.00</u>
Balance December 31, 2017	C, Below		<u><u>\$ 1,208,536.55</u></u>

Analysis of Balance:

Ord #11-15 Streets and Roads		\$ 144,293.40
Ord #11-15 Riggins Field- Bergen County Open Space Grant		105,000.00
Ord # 10-07 Carlton Ace- Green Acres Grant/Loan		479,070.15
Ord #11-15 Green Acres Loan		250,000.00
Ord #11-15 Bergen County Open Space- St Joseph Park		53,423.00
Ord # 16-09/16-20 Van Winkle Road- Bergen County Community Development		65,000.00
Ord # 16-09 Streets & Roads- NJ DOT Grant		<u>111,750.00</u>
	Above	<u><u>\$ 1,208,536.55</u></u>
		\$ -

SCHEDULE OF DUE FROM BERGEN COUNTY IMPROVEMENT AUTHORITY

C-15

Balance December 31, 2016	Reference C	\$ 3,441.06
Decreased by:		
Cancelled	C-9	<u>3,441.06</u>
Balance December 31, 2017	C	<u><u>\$ -</u></u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF BOND ANTICIPATION NOTES

C-16

Ordinance #	Description	Original Amount Issue	Original Date of Issue	Date of Maturity	Rate of Interest	Balance Dec. 31, 2016	Issuance	Paid	Balance Dec. 31, 2017
13-19	Tax Refunding Bond	814,000.00	01/15/2014			\$ 187,000.00	\$ -	\$ 187,000.00	\$ -
14-04	Renovation of Old Police Building	457,000.00	03/18/15			457,000.00	457,000.00	914,000.00	-
14-20	Various Capital Improvements	2,818,327.50	03/18/15			2,818,327.50	2,818,327.50	5,636,655.00	-
15-21	Purchase of 116 Uhland Street	245,672.50	3/18/2015			245,672.50	245,672.50	491,345.00	-
15-21	Purchase of 116 Uhland Street	142,500.00	3/18/2016			142,500.00	142,500.00	285,000.00	-
15-11	Carlton Avenue Improvements	1,425,000.00	07/20/2016	10/18/2018	2.250%	1,425,000.00	2,850,000.00	2,850,000	1,425,000.00
16-09	Road Resurfacing	2,585,000.00	07/20/2016	10/18/2018	2.250%	2,585,000.00	3,791,000.00	5,170,000	1,206,000.00
16-10	Various Capital Improvements	1,122,000.00	07/20/2016	10/18/2018	2.250%	1,122,000.00	2,244,000.00	2,244,000.00	1,122,000.00
16-20	Roadway Improvements	476,000.00	3/15/2017	10/18/2018	2.250%		952,000.00	476,000.00	476,000.00
						<u>\$ 8,982,500.00</u>	<u>\$ 13,500,500.00</u>	<u>\$ 18,254,000.00</u>	<u>\$ 4,229,000.00</u>
						C	C-2,Below	C-2, Below	C
						Rollovers	C-2	13,024,500.00	13,024,500.00
						New Issues	C-17	476,000.00	
						Paid Budget Approp.- American Dream	C-2,6,22	5,041,614.76	
						Paid Budget Appropriation	C-2,6	187,885.24	
						Above	<u>\$ 13,500,500.00</u>	<u>\$ 18,254,000.00</u>	
								\$ -	

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-17

Ord. #	Improvement Description	Balance Dec. 31, 2016	2017 Authorization	Down Payment Capital Imp. Fund	Serial Bonds/ Bond Ant. Notes Issued	Balance Dec. 31, 2017
05-01	Acquisition of Land	\$ 101.85				\$ 101.85
15-10	Buildings & Park Improvements	450.50				450.50
16-09/16-20	Road Resurfacing	476,000.00			476,000.00	0.00
17-07	DPW Equipment		275,000.00	14,000.00		261,000.00
17-18	Tax Refunding		7,200,000.00		6,735,000.00	465,000.00
		<u>\$ 476,552.35</u>	<u>\$ 7,475,000.00</u>	<u>\$ 14,000.00</u>	<u>\$ 7,211,000.00</u>	<u>\$ 726,552.35</u>
	Reference	C	C-6	C-6,8	Below	C
			Bond Anticipation Notes	C-16	\$ 476,000.00	
			Serial Bonds	C-13	<u>6,735,000.00</u>	
				Above	<u>\$ 7,211,000.00</u>	

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF RESERVE FOR GRANTS

C-18

Balance December 31, 2016	Reference C		\$ 1,242,914.86
Increased by:			
NJ DOT Grant - Various Roads 2017	C-19		<u>165,627.00</u>
			1,408,541.86
Decreased by:			
Canceled NJDEP Green Acres- Carlton Ave (Ord # 10-07)	C-14,19	320,929.85	
Canceled Bergen County Open Space- Borough Hall	C-14,19	33,921.00	
Receipt from NJDOT Grant- Various Streets 2015 (Ord 16-09)	C-14,19	111,750.00	
Receipt from Bergen County Community Development	C-14,19	65,000.00	
Receipt from NJDEP Green Acres- Carlton Ave (Ord #10-07)	C-14,19	<u>479,070.15</u>	
			<u>1,010,671.00</u>
Balance December 31, 2017	C, Below		<u><u>\$ 397,870.86</u></u>
Analysis of Balance			
Bergen County Open Space Grant - Ord #09-06			\$ 63,912.50
Bergen County Open Space Grant - Ord #10-07			39,081.36
Bergen County Community Development- Van Winkle Road Impr.			92,000.00
NJDOT- Various Streets 2017			165,627.00
NJDOT- Various Streets 2015 (Ord 16-09)			<u>37,250.00</u>
	Above		<u><u>\$ 397,870.86</u></u>

SCHEDULE OF GRANTS RECEIVABLE

C-19

Balance December 31, 2016	Reference C		\$ 1,242,914.86
Increased by:			
NJ DOT Grant - Various Roads 2017	C-18		<u>165,627.00</u>
			1,408,541.86
Decreased by:			
Canceled NJDEP Green Acres- Carlton Ave (Ord # 10-07)	C-18	320,929.85	
Canceled Bergen County Open Space- Borough Hall	C-18	33,921.00	
Receipt from NJDOT Grant- Various Streets 2015 (Ord 16-09)	C-18	111,750.00	
Receipt from Bergen County Community Development	C-18	65,000.00	
Receipt from NJDEP Green Acres- Carlton Ave (Ord #10-07)	C-18	300,000.00	
Receipt from NJDEP Green Acres-Loan- Carlton Ave (Ord #10-07)	C-18	<u>179,070.15</u>	
			<u>1,010,671.00</u>
Balance December 31, 2017	C, Below		<u><u>\$ 397,870.86</u></u>
Analysis of Balance			
Bergen County Open Space Grant - Ord #09-06			\$ 63,912.50
Bergen County Open Space Grant - Ord #10-07			39,081.36
Bergen County Community Development- Van Winkle Road Impr.			92,000.00
NJDOT- Various Streets 2017			165,627.00
NJDOT- Various Streets 2015 (Ord 16-09)			<u>37,250.00</u>
	Above		<u><u>\$ 397,870.86</u></u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF RESERVE FOR ROADWAY IMPROVEMENTS

C-20

	Reference	
Balance December 31, 2016	C	\$ 112,500.00
Balance December 31, 2017	C	<u>\$ 112,500.00</u>

SCHEDULE OF RESERVE FOR BCIA BONDS PAYABLE

C-21

	Reference	
Balance December 31, 2016	C	\$ 15,340,000.00
Decreased by:		
Payments	C-2,5	<u>15,340,000.00</u>
Balance December 31, 2017	C	<u>\$ -</u>

SCHEDULE OF RESERVE FOR AMERICAN DREAM PROCEEDS

C-22

	Reference	
Balance December 31, 2016	C	\$ -
Increased by:		
Proceeds from American Dream	C-2	<u>21,500,000.00</u>
		\$ 21,500,000.00
Decreased by:		
Payments for Debt Defeasance	C-2	16,458,385.24
Applied to Payment of BANS	C-16	<u>5,041,614.76</u>
		<u>21,500,000.00</u>
Balance December 31, 2017	C	<u>\$ -</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF CASH

D-4

	Reference	Operating	Capital	Escrow Trust
Balance December 31, 2016	D	\$ 493,814.93	\$ 1,024,030.55	\$ 1,514.69
Increased by Receipts:				
User Charges and Fees	D-1,2,5	1,589,554.43		
Giants Training Facility Agreement	D-1,2,5	33,227.83		
Meadowlands Stadium Agreement	D-1,2,5	161,044.58		
Delinquent User Charges	D-1,2,5	72,704.32		
Delinquent Interest Collected	D-1,2,5	27,362.39		
Miscellaneous Income	D-1,2	6,059.48		
American Dream Hook-up Fees	D-1,5	2,566,369.00		
User Charge Overpayments	D-6	21,456.05		
Due from Current Fund	D-14	100,000.00		
Transfer from Utility Capital	D-7	95,540.00		
Bond Anticipation Notes	D-19		1,045,000.00	
Escrow Deposits	D-15			
		<u>4,673,318.08</u>	<u>1,045,000.00</u>	<u>-</u>
		<u>5,167,133.01</u>	<u>2,069,030.55</u>	<u>1,514.69</u>
Decreased by Disbursements:				
Appropriations	D-3	2,300,459.87		
Appropriation Reserves	D-13	20,204.79		
Escrow Disbursements	D-15			
Due to Current Fund	D-14	322,786.18		
Capital Expenditures	D-10		1,045.00	
Bond Anticipation Notes Paid	D-19		950,000.00	
Due from Utility Capital Fund- Capital Expenditures	D-7	95,540.00	95,540.00	
		<u>2,738,990.84</u>	<u>1,046,585.00</u>	<u>-</u>
Balance December 31, 2017	D	<u>\$ 2,428,142.17</u>	<u>\$ 1,022,445.55</u>	<u>\$ 1,514.69</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-5

Balance December 31, 2016	Reference D		\$ 68,592.20
Increased by:			
Utility Charges and Fees Levied			<u>4,568,448.27</u>
			4,637,040.47
Decreased by:			
Collections			
Current Year Charges and Fees	D-2,4	1,589,554.43	
Applied Overpayments	D-2,4,6	15,386.22	
Delinquent Interest Collected	D-2,4	27,362.39	
Delinquent Charges and Fees	D-2,4	72,704.32	
Giants Training Facility Agreement	D-2,4	33,227.83	
Meadowlands Stadium Agreement	D-2,4	161,044.58	
American Dream Hook-up Fees	D-1,4	<u>2,566,369.00</u>	
			<u>4,465,648.77</u>
Balance December 31, 2017	D		<u><u>\$ 171,391.70</u></u>

SCHEDULE OF OVERPAYMENTS

D-6

Balance December 31, 2016	Reference D		\$ 29,173.46
Increased by:			
Cash Receipts	D-4		<u>21,456.05</u>
			50,629.51
Decreased by:			
Applied to Sewer Payments	D-5		<u>15,386.22</u>
Balance December 31, 2017	D		<u><u>\$ 35,243.29</u></u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

**SCHEDULE OF DUE TO / (FROM) SEWER UTILITY OPERATING FUND
FROM / (TO) SEWER UTILITY CAPITAL FUND**

D-7

Balance December 31, 2016	Reference D	\$ -
Increased by:		
Cash Receipts	D-4	<u>95,540.00</u>
Decreased by:		
Capital Ordinance Expenditures	D-4,10	<u>95,540.00</u>
Balance December 31, 2017	D	<u><u>\$ -</u></u>

SCHEDULE OF FIXED CAPITAL / FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-8

Balance December 31, 2016	Reference D	\$ 5,603,548.62
Increased by:		
Improvement Authorizations Completed	Contra	
New Improvement Authorizations	D-10	<u>-</u>
		\$ 5,603,548.62
Decreased by:		
Improvement Authorizations Completed	Contra	
Improvement Authorizations Canceled	D-10	<u>-</u>
Balance December 31, 2017	Below	<u><u>\$ 5,603,548.62</u></u>
Analysis of Balance:		
Fixed Capital	D	\$ 4,503,548.62
Fixed Capital Authorized and Uncompleted	D	<u>1,100,000.00</u>
	Above	<u><u>\$ 5,603,548.62</u></u>

SCHEDULE OF SEWER LIEN

D-9

Balance December 31, 2016	Reference D	<u>\$ 2,058.75</u>
Balance December 31, 2017	D	<u><u>\$ 2,058.75</u></u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-10

Ord. #	Improvement Description	Balance December 31, 2016		2017 Re-Authorizations	Canceled/ Expended	Balance December 31, 2017	
		Funded	Unfunded			Funded	Unfunded
15-22	Sewer System Upgrades		\$ 801,081.00	\$ (50,000.00)	\$ 2,645.00		\$ 748,436.00
16-12	Truck/Equipment Upgrades		61,221.00	50,000.00	93,940.00		17,281.00
		<u>\$ -</u>	<u>\$ 862,302.00</u>	<u>\$ -</u>	<u>\$ 96,585.00</u>	<u>\$ -</u>	<u>\$ 765,717.00</u>
		D	D	D-8,16	Below	D	D
	Expended- Sewer Operating			D-7	\$ 96,585.00		
	Expended- Sewer Capital			D-4	1,045.00		
				Above	<u>\$ 97,630.00</u>		

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF CAPITAL IMPROVEMENT FUND

D-11

	Reference	
Balance December 31, 2016	D	\$ 256,935.55
Decreased by:		
Improvement Authorization Down Payment	D-12, 16	<u> </u>
Balance December 31, 2017	D	<u>\$ 256,935.55</u>

SCHEDULE OF AMORTIZATION RESERVE/ DEFERRED AMORTIZATION RESERVE

D-12

	Reference	
Balance December 31, 2016	D	\$ 4,251,175.88
Increased by:		
Capital Improvement Fund-New Ordinance	D-11	
Principal Payments on Bonds	D-18	<u>42,922.21</u>
		<u>42,922.21</u>
		4,294,098.09
Decreased by:		
Canceled Ordinance	C-10	<u> </u>
Balance December 31, 2017	Below	<u>\$ 4,294,098.09</u>
Analysis of Balance:		
Amortization Reserve	D	\$ 3,174,281.38
Deferred Reserve for Amortization	D	<u>1,119,816.71</u>
	Above	<u>\$ 4,294,098.09</u>

SCHEDULE OF 2016 APPROPRIATION RESERVES

D-13

	Balance Dec. 31, 2016	Modified by Transfers	Paid or Charged	Balance Lapsed	(Overexpended)
Operating					
Salaries and Wages	\$ 93.19	\$ -		\$ -	\$ -
Other Expenses		165.00	20,204.79		(20,039.79)
Statutory Expenditures:					
Social Security System	<u>71.81</u>	<u>0.00</u>		<u>-</u>	
	<u>\$ 165.00</u>	<u>\$ 165.00</u>	<u>\$ 20,204.79</u>	<u>\$ -</u>	<u>\$ (20,039.79)</u>
Reference	Below	Below	D-4	D-1	D
Appropriation Reserves	D \$ 165.00				
Encumbrance Payable	D <u> </u>				
	<u>\$ 165.00</u>				
	Above				

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF DUE TO CURRENT FUND

		D-14
Balance December 31, 2016	Reference D	\$ 322,786.18
Increased by:		
Cash Receipts	D-4	100,000.00
		<u>\$ 422,786.18</u>
Decreased by:		
Transfer to Current Fund	D-4	322,786.18
		<u>322,786.18</u>
Balance December 31, 2017	D	<u>\$ 100,000.00</u>

SCHEDULE OF ESCROW TRUST RESERVE

		D-15
Balance December 31, 2016	Reference D	\$ 1,514.69
Balance December 31, 2017	D	<u>\$ 1,514.69</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-16

Ord. #	Improvement Description	Balance Dec. 31, 2016	Authorized Not Issued Improvement Authorizations	Down payments and Bond Ant. Notes	Balance Dec. 31, 2017
05-06	Renovation of Sewer Systems	\$ 207.00			\$ 207.00
16-12	Truck/Equipment Upgrades	95,000.00		95,000.00	-
		<u>\$ 95,207.00</u>	<u>\$ -</u>	<u>\$ 95,000.00</u>	<u>\$ 207.00</u>
	Reference	D	Below	Below	D
	Improvement Authorizations	D-10			
	Bond Anticipation Notes	D-19		\$ 95,000.00	
	Funded by Capital Improvement Fund	D-11			
		Above	<u>\$ -</u>	<u>\$ 95,000.00</u>	

SCHEDULE OF ACCRUED INTEREST ON BOND PAYABLE

D-17

Balance December 31, 2016	Reference D	\$ 13,877.50
Decreased by:		
Accrued Interest on Bond Payable & BANS	D-3	<u>6,931.56</u>
Balance December 31, 2017	D	<u>\$ 6,945.94</u>

BOROUGH OF EAST RUTHERFORD
SEWER CAPITAL FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF SEWER SERIAL BONDS

D-18

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2016	Bonds Issued	Decreased	Balance Dec. 31, 2017
			December 31, 2017						
			Date	Amount					
General Improvement Bonds	11/01/09	\$ 475,000.00	11/01/2018	40,254.24	3.50%	\$ 259,091.22	\$ -	\$ 40,254.25	\$ 218,836.97
			11/01/2019-21	43,913.71	4.00%				
			11/01/2022	46,841.29	4.00%				
General Improvement Bonds	4/30/2014	53,000.00	2/1/2018	2,667.96	2.00%	48,074.52		2,667.96	\$ 45,406.56
			2/1/2019	2,667.96	5.00%				
			2/1/2020	2,770.58	5.00%				
			2/1/2021	2,821.89	5.00%				
			2/1/2022	2,924.50	5.00%				
			2/1/2023	3,027.11	5.00%				
			2/1/2024	3,129.73	5.00%				
			2/1/2025	3,232.34	5.00%				
			2/1/2026	3,386.26	5.00%				
			2/1/2027	3,488.88	5.00%				
			2/1/2028	3,642.80	5.00%				
			2/1/2029	3,745.41	5.00%				
			2/1/2030	3,899.33	4.00%				
			2/1/2031	4,001.81	3.25%				
						\$ 307,165.74	\$ -	\$ 42,922.21	\$ 264,243.53
Reference						D		D-12	D

SCHEDULE OF SEWER BOND ANTICIPATION NOTES

D-19

Ordinance #	Description	Original Amount Issue	Original Date of Issue	Date of Maturity	Rate of Interest	Balance Dec. 31, 2016	Issuance	Paid	Balance Dec. 31, 2017
15-22	Sewer System Upgrades	\$ 950,000.00	03/16/2016	03/15/2018	2.250%	\$ 950,000.00	\$ 950,000.00	\$ 950,000.00	\$ 950,000.00
16-12	Equipment	95,000.00	3/15/2017	03/15/2018	2.250%		95,000.00		95,000.00
						<u>\$ 950,000.00</u>	<u>\$ 1,045,000.00</u>	<u>\$ 950,000.00</u>	<u>\$ 1,045,000.00</u>
Reference						D	D-4	D-4	D

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF CASH

E-1

Balance December 31, 2016	Reference E		\$ 2,246.19
Increased by Receipts:			
Transfer From Current Fund	E-2	53,232.47	
Unappropriated Grant Revenue	E-5	<u>21,407.59</u>	<u>74,640.06</u>
			76,886.25
Decreased by:			
Transfer To Current Fund	E-2		<u>-</u>
Balance December 31, 2017	E		<u><u>\$ 76,886.25</u></u>

SCHEDULE OF DUE TO / (FROM) CURRENT FUND

E-2

Balance December 31, 2016	Reference E		\$ -
Increased by:			
Transfer From Current Fund	E-1	53,232.47	
Current Fund Disbursements	A-4, E-4	149,804.31	
Grants Receivable - Budgeted	E-3	113,036.78	
Unappropriated Grants Appropriated	E-5, A-2	<u>2,492.00</u>	<u>318,565.56</u>
			318,565.56
Decreased by:			
Transfer To Current Fund	A-4, E-1		
Grant Receivables	A-4, E-3	188,036.78	
Budget Appropriation	E-4	<u>130,528.78</u>	<u>318,565.56</u>
			318,565.56
Balance December 31, 2017	E		<u><u>\$ -</u></u>

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF GRANTS RECEIVABLE

E-3

Grant	Balance Dec.31, 2016	Increased by 2017 Budget	Cash Received	Cancelled	Balance Dec.31, 2017
Safe and Secure Community Program	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00		\$ 60,000.00
OEM NJ Hazard Mitigation Grant	75,000.00		75,000.00		0.00
Drunk Driving Enforcement Fund	0.00				0.00
Drive Sober Grant	0.00				0.00
Federal Bullet Proof Vest Program	0.00	6,655.20	6,655.20		0.00
Clean Communities Grant	0.00	17,739.08	17,739.08		0.00
Recycling Tonnage Grant	0.00	16,823.72	16,823.72		0.00
Body Worn Camera Grant	11,000.00			11,000.00	0.00
Alcohol Ed & Rehab Enforcement Fund	0.00	1,801.52	1,801.52		0.00
Drive Sober or Get Pulled Over- Labor Day	0.00				0.00
NJ Body Armor Grant	0.00	4,517.26	4,517.26		0.00
Click it o Ticket Grant	0.00	5,500.00	5,500.00		0.00
Emergency Management Assistance Grant	0.00				0.00
	<u>\$ 146,000.00</u>	<u>\$ 113,036.78</u>	<u>\$ 188,036.78</u>	<u>\$ 11,000.00</u>	<u>\$ 60,000.00</u>
Reference	E	E-2	E-2	E-4	E

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

E-4

Grant	Balance Dec. 31, 2016	Transferred From 2017 Budget Appropriations	Cancel/ Expended	Balance Dec. 31, 2017
Comcast Technology Grant	\$ 24,768.74		\$ 14,335.45	\$ 10,433.29
Clean Communities	20,880.25	17,739.08	20,880.25	17,739.08
Drunk Driving Enforcement Fund	26,064.31		1,850.64	24,213.67
Parking Offense Adjudication Act	23,143.15	2,492.00	1,760.00	23,875.15
Body Armor Replacement Fund	0.00	4,517.26		4,517.26
Recycling Tonnage Grant	28,676.45	16,823.72	28,676.45	16,823.72
Body Worn Camera Grant	11,000.00		11,000.00	-
Safe and Secure Communities Program	-	60,000.00	60,000.00	-
Safe and Secure Communities Program-Match	-	15,000.00	15,000.00	-
Federal Bullet Proof Vest Fund	-	6,655.20		6,655.20
Drive Sober Grant	-			-
NJ Body Armor Grant	1,846.29			1,846.29
Click it or Ticket	-	5,500.00	5,500.00	-
Emergency Management Agency- Asst Grant	9,375.00			9,375.00
Alcohol Education & Rehabilitation	-	1,801.52	1,801.52	-
	<u>\$ 145,754.19</u>	<u>\$ 130,528.78</u>	<u>\$ 160,804.31</u>	<u>\$ 115,478.66</u>
Reference	E	E-2, A-3	Below	E
Current Fund Disbursements		E-2	\$ 149,804.31	
Cancelled		E-3	11,000.00	
			<u>\$ 160,804.31</u>	

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2017 AND 2016

SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

				E-5
Grant	Balance Dec. 31, 2016	Transfer to 2017 Budget	Grant Fund Receipt	Balance Dec. 31, 2017
Recycling Tonnage Grant			\$ 18,725.59	\$ 18,725.59
Parking Offense Adjudication Act	2,492.00	2,492.00	2,682.00	2,682.00
	-			-
	<u>\$ 2,492.00</u>	<u>\$ 2,492.00</u>	<u>\$ 21,407.59</u>	<u>\$ 21,407.59</u>
Reference	E	A-2, E-2	E-1	E

**BOROUGH OF EAST RUTHERFOD
LAST TEN FISCAL YEARS ENDED JUNE 30,**

Exhibit G-1

**SCHEDULE OF BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Police and Firemen's Retirement System (PFRS)**

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Borough's proportionate share of the net pension liability (asset) **	0.16030%	0.16250%	0.16380%	0.16203%	0.15329%					
Borough's proportionate share of the net pension liability (asset) associated with the Borough	\$ 24,747,525	\$ 31,042,021	\$ 27,284,094	\$ 20,381,358	\$ 20,379,037					
Total	<u>24,747,525</u>	<u>31,042,021</u>	<u>27,284,094</u>	<u>20,381,358</u>	<u>20,379,037</u>					
Borough's covered employee payroll	5,096,698	5,240,977	5,272,622	5,357,102	\$ 4,893,785					
Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	486%	592%	517%	380%	416%					
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.60%	52.01%	56.31%	62.41%	58.70%					

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2007	2006
Borough's proportionate of the net pension liability (asset)	0.04042%	0.04519%	0.04183%	0.04417%	0.05048%					
Borough's proportionate share of the net pension liability (asset)	<u>\$ 9,408,674</u>	<u>\$ 13,384,598</u>	<u>\$ 9,390,367</u>	<u>\$ 8,269,875</u>	<u>\$ 9,647,516</u>					
Borough's covered employee payroll	2,789,545	2,873,087	2,982,221	2,805,059	2,812,367					
Borough's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll	337%	466%	315%	295%	343%					
Plan fiduciary net position as a percentage of the total pension liability (Local)	48.10%	40.14%	47.93%	52.08%	48.72%					

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

**BOROUGH OF EAST RUTHERFORD
LAST TEN FISCAL YEARS ENDED JUNE 30,**

Exhibit G-2

**SCHEDULE OF BOROUGH CONTRIBUTIONS
Police and Firemen's Retirement System (PFRS)**

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution*	\$ 1,418,702	\$ 1,324,944	\$ 1,331,485	\$ 1,244,471	\$ 1,118,398					
Contributions in relation to the contractually required contributions*	(1,418,702)	(1,324,944)	(1,331,485)	(1,244,471)	(1,118,398)					
Contributions deficiency (excess)	-	-	-	-	-					
Borough's covered employee payroll	5,096,698	5,240,977	5,272,622	5,357,102	\$ 4,893,785					
Contributions as a percentage of covered-employee payroll	27.84%	25.28%	25.25%	23.23%	22.85%					

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution*	\$ 374,430	\$ 401,480	\$ 359,640	\$ 364,133	\$ 384,504					
Contributions in relation to the contractually required contributions*	(374,430)	(401,480)	(359,640)	(364,133)	(384,504)					
Contributions deficiency (excess)	-	-	-	-	-					
Borough's covered employee payroll	2,789,545	2,873,087	2,982,221	2,805,059	2,812,367					
Contributions as a percentage of covered-employee payroll	13.42%	13.97%	12.06%	12.98%	13.67%					

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

BOROUGH OF EAST RUTHERFORD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Pension Schedules
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Exhibit G-3

Police & Firemen's Retirement System

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service, and disability benefits after 4 years of service

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements – regulatory basis (the "financial statements") of the Borough of East Rutherford, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated July, 3, 2018. As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items # 17-001 that we consider to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division, which are described in the accompanying schedule of audit findings and responses as item #17-001.

Borough's Response to Findings

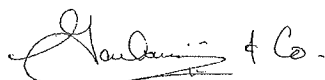
The Borough's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPA's
Registered Municipal Accountants

July 3, 2018
Carlstadt, New Jersey

BOROUGH OF EAST RUTHERFORD
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule H-1

FEDERAL GRANT PROGRAMS / PASS THROUGH GRANTOR PROGRAM	CFDA #	Pass-Through Entity ID #	Grant Award	Grant Period	Cash Received	Program Expenditures	Canceled	Grant Receivable
Division of Highway Traffic:								
National Priority Safety Programs								
Police Click-it or Ticket Grant	20.616	NJ-066-1160-100-155	\$ 5,500.00	2017	\$ 5,500.00	\$ 5,500.00	\$ -	\$ -
Department of Law & Public Safety								
Body Worn Camera Grant	16.835	2016-BC-BX-K049	11,000.00	2016			11,000.00	
Federal Bullet Proof Vest Fund			6,655.20	2017	6,655.20	0.00		
Public Assistance Grants- Hurricane Sandy	97.036	NJ-066-1200-100-A92	97,591.35	PY	97,591.35	97,591.35		
Public Assistance Grants- Severe Winter Storm- 01/22/16	97.036	NJ-066-1200-100-A92	49,941.93	2016	49,941.93	49,941.93		
Transportation State Aid Highway Projects								
Highway Planning & Construction								
Roadway Improvements-2017	20.205	NJ- 078-6320-480	165,627.00	2017				165,627.00
Roadway Improvements-2016 (Ord 16-09)	20.205	NJ- 078-6320-480	149,000.00	2016	111,750.00	149,000.00		37,250.00
Roadway Improvements -2011 (Ord # 2011-15)	20.205	NJ- 078-6320-480	150,000.00	PY	37,500.00			
US Dept. of Housing and Urban Development								
Community Development Block Grants:								
Van Winkle Road Improvements	14.219	21-213-746-155-44-83	65,000.00		65,000.00	65,000.00		
Van Winkle Road Improvements	14.219	21-213-746-155-44-83	92,000.00					92,000.00
OEM NJ Hazard Mitigation Grant	97.039	State of NJ	75,000.00	2014	75,000.00	-		
Office of Homeland Security								
Emergency Management Performance Grant	97.042		5,000.00	2015				
Emergency Management Performance Grant	97.042		5,000.00	2016				
Total Federal Financial Assistance					<u>\$ 448,938.48</u>	<u>\$ 367,033.28</u>	<u>\$ 11,000.00</u>	<u>\$ 294,877.00</u>

* Major Programs

BOROUGH OF EAST RUTHERFORD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule H-2

STATE GRANT PROGRAM	Grant Award	Grant Award Numbers or Project Number	Grant Period	Cash Received	Program Expenditures	Cancelled	Grant Receivable
Green Acres Program Improvement to Veteran's Park Loan (Ord. 10-7)	\$ 800,000.00			\$ 479,070.15	\$ -	\$ 320,929.85	
<i>Solid Waste Administration</i>							
Clean Communities	17,739.08	042-4900-765-004	2017	\$17,739.08			
Clean Communities	20,880.25	042-4900-765-004	2016		20,880.25		
State Recycling Grants	16,823.72	042-4900-752-001	2017	18,725.59			
State Recycling Grants	16,823.72	042-4900-752-001	2016	16,723.72			
State Recycling Grants	28,676.45	042-4900-752-001	PY		28,676.45		
<i>Municipal Courts</i>							
Alcohol Education, Rehabilitation and Enforcement		098-9735-760-001	2017	1,801.52	1,801.52		
<i>Dept. of Law and Public Safety Division of Criminal Justice</i>							
Safe and Secure Communities Program	60,000.00	066-1020-100-232	2017		60,000.00		60,000.00
Safe and Secure Communities Program	60,000.00	066-1020-100-232	2016	60,000.00			
Body Armor Replacement Fund	4,517.26	066-1020-718-001	2017	4,517.26	0.00		
<i>NJ Division of Highway Traffic Safety</i>							
Drunk Driving Enforcement Fund	7,269.44	6400-100-078-6400	PY		1,850.64		
Drunk Driving Enforcement Fund	8,451.00	6400-100-078-6400	2014				
Drunk Driving Enforcement Fund	6,176.24	6400-100-078-6400	2015				
Drunk Driving Enforcement Fund	5,119.70	6400-100-078-6400	2016				
<i>Department of Community Affairs</i>							
Parking Offense Adjudication Act	2,492.00		2016		1,760.00		
Parking Offense Adjudication Act	2,682.00		2017	2,682.00			
Total State Financial Assistance				<u>\$ 601,259.32</u>	<u>\$ 114,968.86</u>	<u>\$ 320,929.85</u>	<u>\$ 60,000.00</u>
* Expended in Prior Years							

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
SCHEDULE OF EXPENDITURES OF COUNTY/ OTHER FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule H-3

	Grant Award Numbers or Project Number	Grant Award	Grant Period	Cash Received	Program Expenditures	Canceled	Grant Receivable
COUNTY GRANT PROGRAM							
Bergen County Open Space: Borough Hall Improvements	N/A	33,921.00	1/1/15 - 12/31/17			\$ 33,921.00	
Other Grant Programs: Comcast Technology Grant	N/A	32,500.00	1/1/14 - 12/31/17		14,335.45		
Total County Financial Assistance				<u>\$ -</u>	<u>\$14,335.45</u>	<u>\$ 33,921.00</u>	<u>\$0.00</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2017

1. General

The accompanying schedules present the activity of all federal and state financial assistance programs of the Borough of East Rutherford (the "Borough"). All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

2. Basis of Accounting

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

3. Relationship of Financial Statements

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

	<u>Federal</u>	<u>State</u>	<u>County/Other</u>	<u>Total</u>
Grant / Current Fund	\$ 153,033.28	\$ 114,968.86	\$ 14,335.45	\$ 282,337.59
Capital Fund	214,000.00			214,000.00
	<u>\$ 367,033.28</u>	<u>\$ 114,968.86</u>	<u>\$ 14,335.45</u>	<u>\$ 496,337.59</u>

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. State Loans Outstanding

The Borough's state loans outstanding at December 31, 2017, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust Program	#0212-03-055	\$ 68,473.51
Green Trust Program	#0212-02-046	\$ 210,744.58
Green Trust Program	#0212-01-023	\$ 228,589.91
Green Trust Program	#0212-08-014	\$ 175,293.27

See Independent Auditor's Report

SUPPLEMENTARY DATA

BOROUGH OF EAST RUTHERFORD
SUPPLEMENTARY DATA

Comparative Schedule of Tax Rate and Assessed Valuations

	2017	2016	2015	2014	2013
Tax Rate	<u>\$ 2.074</u>	<u>\$ 1.945</u>	<u>\$ 1.967</u>	<u>\$ 1.904</u>	<u>\$ 1.845</u>

Apportionment of Tax Rate

Municipal	0.608	0.566	0.584	0.590	0.565
County	0.329	0.313	0.281	0.234	0.279
Local School	0.843	0.783	0.779	0.762	0.704
Regional High School	0.294	0.283	0.323	0.318	0.297

Net Valuation Taxable as listed in the Bergen County Board of Taxation Levy Duplicate

2017	<u>\$ 1,871,939,135</u>
2016	<u>\$ 1,893,227,849</u>
2015	<u>\$ 1,849,548,746</u>
2014	<u>\$ 1,897,754,949</u>
2013	<u>\$ 1,973,272,359</u>

Comparison of Current Tax Collections

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.

Year	Tax Levy	Cash Collection	Percentage of Collection
2017	\$ 38,865,589.64	\$ 38,494,464.11	99.05%
2016	36,841,971.75	36,302,906.39	98.54%
2015	37,941,448.09	37,819,591.71	99.68%
2014	35,397,899.35	34,981,173.03	98.82%
2013	36,441,604.85	33,629,349.62	92.28%

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
SUPPLEMENTARY DATA

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2017	\$ 301,836.59	\$ 213,724.52	\$ 515,561.11	1.33%
2016	282,323.78	197,366.29	479,690.07	1.30%
2015	229,684.04	345,277.83	574,961.87	1.52%
2014	166,643.42	381,749.24	548,392.66	1.55%
2013	138,851.88	628,007.83	766,859.71	2.10%

* Converted to PILOT

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation at December 31, 2017 is \$636,900. This represents the properties assessed valuation from 1995-2017.

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2017	\$ 2,096,540.62	\$ 800,000.00
	2016	684,735.81	680,000.00
	2015	2,669,518.29	2,160,000.00
	2014	2,050,233.66	1,246,400.00
	2013	1,483,322.22	500,000.00

BOROUGH OF EAST RUTHERFORD
ROSTER OF OFFICIALS AND SURETY BONDS
AT DECEMBER 31, 2017

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
James Cassella	Mayor	
Edward C. Ravettine	President of Council	
George Crok	Councilman	
Jeffrey J. Lahullier	Councilman	
George Perry Jr.	Councilman	
Philip Sorbera	Councilman	
Saverio Stallone	Councilman	
Danielle Lorenc	Municipal Clerk Assessment Search Officer Dog Licensing Official Registrar of Vital Statistics	
Linda Broncano	Tax Collector	\$ 1,000,000.00
Kathleen Winston	Assistant Tax Collector	
Anthony Bianchi	Finance Director	
Dennis Rivelli	Chief of Police	
Keith Matino	Building Inspector	
Dennis McGuire	Assessor	
Frank Recanati	Construction Code Official Plumbing Sub-Code Official	
George O. Savino	Municipal Judge	
Daryl Murray	Court Administrator	
Nancy Farina	Violations Clerk	
Margaret Stuiso	Deputy Court Administrator	

Note 1: Individual bonds were written by the Commerce Banc Insurance Services and were in force for the period under audit. All Municipal Court Employees and the Municipal Judge are covered by a \$1,000,000.00 blanket court bond with the South Bergen County Municipal Joint Insurance Fund. All other listed officials are covered by the Faithful Performance and Employee Dishonesty Bond issued by the South Bergen County Municipal Joint Insurance Fund in the amount of \$1,000,000.00.

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

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

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agents, for the provision or performance of any goods or services, the cost of which in the aggregate exceed the bid threshold [40A:11-3 "a contract year the total sum of \$17,500...If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$40,000."], shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

N.J.S. 40A:11-9 states "The governing body of any contracting unit may by ordinance, in the case of a municipality, by ordinance or resolution, as the case may be, in the case of a county, or by resolution in all other cases, establish the office of purchasing agent, or a purchasing department or a purchasing board, with the authority, responsibility, and accountability as its contracting agent, for the purchasing activity for the contract in unit, to prepare public advertising for bids and to receive bids for the provision or performance of goods or services on behalf of the contracting unit and to award contracts permitted pursuant to subsection a. of section 3 of P.L.1971, c. 198 (C.40A:11-3) in the name of the contracting unit, and conduct any activities as may be necessary or appropriate to the purchasing function of the contracting unit."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the calendar year or any twelve-month period. Where questions arise as to whether any contract or agreement might result in a violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Expenditure of \$6,000 or more and less than \$40,000 Per N.J.S.A. 40A:11-6.1

N.J.S.A 40A:11-6.1 states, "a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5), except for paragraph (a) of that subsection professional services and paragraph (b) of the subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous."

Borough of East Rutherford
General Comments (Continued)
For the Year Ended December 31, 2017

Collection of Interest of Delinquent Taxes and Assessments

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

The Governing Body on January 1, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Borough Council of the Borough of East Rutherford, County of Bergen, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date, and if delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency. Delinquent real estate taxes for 2016 will be advertised for sale after April 1, 2017.
2. There is a ten day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

It appears from an examination of the Collector's records, that interest was collected in accordance with the foregoing resolution.

Collection of Interest on Delinquent Utility Rents

The Governing Body on January 1, 2017 adopted the following resolution authorizing interest to be charged on delinquent utility rents:

WHEREAS, the statutory maximum interests permitted to be charged for unpaid fees is one and one-half (1 1/2 %) percent per month;

WHEREAS, the East Rutherford Public Works & Utilities Commission has had a policy of charging one and one-half (1 1/2%) percent per month interest on any unpaid balances; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council that effective January 1, 2017, all past due balances to the East Rutherford Public Works & Utilities Commission shall accrue interest at the rate of one and one-half (1 1/2 %) percent per month.

Borough of East Rutherford
Schedule of Findings and Responses
For the Year Ended December 31, 2017

Part 1- Summary of Auditor's Results

Financial Statement Section

A) Type of Auditors Report Issued

Unmodified (Regulatory Basis)

B) Internal Control over Financial Reporting

1) Material weakness identified

Yes

X

No

2) Were reportable conditions identified that were
not considered to be material weaknesses?

X

Yes

No

C) Noncompliance material to financial statements?

Yes

X

No

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

Borough of East Rutherford
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2017

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 5.18-5.20 of *Government Auditing Standards*.

***Finding 2017-001**

Our audit revealed expenditures in excess of available appropriations and appropriation reserves in the Sewer Utility Operating Fund.

Criteria or Specific Requirement

On August 2, 1990, Chapter 131 of the Laws of 1989 was enacted into law, making the disbursing of monies or the incurring of obligations by public officials in excess of appropriations or an amount limited by law a gross violation of state statute, as per N.J.S.A. 40A:4-57.

Condition-

2017 expenditures in the Sewer Utility Operating Fund exceeded available appropriations and appropriation reserves.

Context

Expenditures exceeded available appropriations by \$238,789.33 and appropriation reserves by \$20,039.79.

Effect

Funds were expended in excess of available appropriations and appropriation reserves resulting in deferred charges which is required to be raised in the subsequent year's budget.

Cause

Proper procedures, specifically review of available balances and adoption of an emergency appropriation, were not followed to ensure that approved appropriations were made available prior to incurring 2017 expenditures.

Recommendation

Budget emergency be adopted prior to the over-expenditure of available appropriations.

Management's Response

Management has reviewed this finding and has indicated that corrective action has been developed and implemented to address this finding.

*** Repeated from prior year's audit.**

Borough of East Rutherford
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2017

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 the Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

Not Applicable

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

This section identifies the status of prior year findings related to the financial statements and federal and state awards required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, the Uniform Guidance and NJ OMB Circular 15-08.

Status of Prior Year Findings

Finding 2016-001

Budget emergency be adopted prior to the over-expenditure of available appropriations.

Status:

Corrective action has not been taken.

Borough of East Rutherford
Summary Schedule of Prior Year Audit Comments/Recommendations
Year Ended December 31, 2017

Internal Controls:

***16-02 Recommendation:**

That all monies collected must be deposited or transmitted to the treasurer within 48 hours of receipt.

Status:

Corrective action has *not* been taken.

***16-03 Recommendation:**

That the Borough complies with the developers' escrow accounting directive, requiring reporting to developers.

Status:

Corrective action has *not* been taken.

***16-04 Recommendation:**

That all eligible employees be enrolled into the pension system. Seasonal employees that work in all four quarters should be included in the pension system. Employees that have pension withholdings should be promptly enrolled in the pension system. Employees who were denied eligibility should have their withholdings returned.

Status:

Corrective action has *not* been taken.

Construction Code

***Finding 17-02**

The Construction Code department did not comply with N.J.S.A. 40A:5-15. All monies collected were not deposited or transmitted to the treasurer within 48 hours of receipt.

Recommendation:

That all monies collected must be deposited or transmitted to the treasurer within 48 hours of receipt.

Finding 17-03

The following items were noted during the testing of permit fees:

- a. There were instances in which fees were calculated incorrectly due to input error and fees not being set up correctly in the permit software and not in agreement with the fee ordinance.
- b. Although the DCA fees were charged correctly in the permit software, it was noted that the fee ordinance as well as the eCode on the Borough's website maintained the outdated DCA fee amounts to be charged by permit.

Recommendation:

That the Borough updates the construction code fee ordinance and the permit software to be consistent.

Current Fund

Finding 17-04

Purchases from two vendors for vehicles exceeded the bidding threshold in aggregate and were not advertised for bids in accordance with the Local Public Contracts Law.

Recommendation:

That expenditures be monitored for compliance with the Local Public Contracts Law.

Finding 17-05

Our examination of expenditures revealed that W-9 forms and business registration certificates are not maintained for all applicable vendors used by the Borough.

Recommendation:

That documentation be requested from vendors prior to the disbursement of monies from the Borough.

Borough of East Rutherford
Audit Comments and Recommendations
For the Year Ended December 31, 2017

Payroll

Finding 17-06

During the examination of employee files, it was noted that numerous employee files did not include required IRS Forms I-9 and/or W-4.

Recommendation:

That controls be implemented and monitored to ensure that all required forms are included in employee files.

Finding 17-07

There were two instances that reportable wages on the PFRS quarterly report did not match the actual wages paid to the employee.

Recommendation:

That controls be implemented and monitored to ensure that reportable wages be updated in the pension system as employees receive step increases or raises.

Payroll Agency

Finding 17-08

During the examination of the payroll agency account balances at year end to subsequent cash disbursements, it was noted that the cash disbursements for PERS and PFRS were higher than reserved by \$6,585 creating a cash deficit in the payroll agency account.

Recommendation:

That controls be implemented and monitored to ensure that correct amounts are transferred to the payroll agency account to cover withholding liabilities.

Appreciation

We desire to express our appreciation of the assistance and courtesies rendered by the Borough Officials and employees during the year.

* * * * *

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